Acquisition and Procurement Policy

|  |  |
| --- | --- |
| Policy Area | IT Policy Library |
| Approved Date | December 31, 20XX |
| Approved By | Policy Committee |
| Effective Date | January 1, 20XX |
| Current Version | 1.0 |

# I. Overview

ABC Company is committed to protecting its employees, customers, partners, and its operations. This policy enables ABC Company to effectively deliver equipment and services that meet the needs of the organization through innovative policy, guidance, and oversight. This policy is an effective way to direct ABC Company's effort in procuring products and services.

# II. Purpose

By incorporating environmental considerations in purchasing, ABC Company can reduce its burden on the local and global environment, removing unnecessary hazards from its operations, reducing costs and liabilities, and potentially improving the environmental quality of the region.

This policy is intended to ensure that acquisitions support and enhance the capabilities of ABC Company, provide ABC Company with a competitive edge, and provide a standardized method of procuring products and services.

# III. Scope

This policy applies to the Purchasing Department, IT Department, and senior executives.

# IV. Policy

Where possible, acquisitions of products and services should be based upon clear and performance based requirements. The Purchasing Department shall ensure that the expected cost, delivery schedule, and performance outcomes are identifiable and measurable.

Benefits

* Acquisitions of services are properly planned and administered to achieve outcomes consistent with ABC Company's needs.
* Products and services are acquired by business arrangements with are in the best interests of ABC Company and are in compliance with applicable statutes, regulations, policies, and other requirements.
* Products and services are acquired using a strategic, enterprise-wide approach, which is applied to both the planning and execution of the acquisition.

The ABC Company Purchasing Department Staff shall:

* Raise staff awareness on security and environmental issues affecting procurement by providing relevant information.
* Encourage suppliers and contractors to offer secure and environmentally preferable products and services at competitive prices.
* Encourage providers of products and services to consider security and the environmental impacts.
* Comply with all legislative and regulatory requirements in the procurement of products and services.

Where possible, ABC Company should procure environmentally preferable products and services where criteria have been established by recognized authorities (e.g. Energy Star, EPA Eco Purchasing Guidelines, etc.). Staff should integrate environmental factors into buying decisions where external authorities have not established criteria. Examples include:

* Replacing disposables with reusables or recyclables
* Supporting eco-labelling practices by buying products bearing such labels in preference to others, where they are available and provide value for money.
* Taking into account life cycle costs and benefits.
* Evaluating, as appropriate, the environmental performance of vendors in providing products and services.

ABC Company's executive management retain the ability to respond rapidly to emergencies. Implementation of this policy is not intended to impede the timely acquisition of products and services in emergency situations.

A. Procurement Action

ABC Company's Director of Purchasing shall be responsible for the management of acquisitions of products and services by or on behalf of ABC Company’s departments and staff. The Purchasing Department must:

* Comply with the requirements contained in this policy.
* Assign specific persons to review and approve the acquisition of products and services for each department.
* Ensure that acquisitions comply with applicable statutes, regulations, policies, and other requirements.
* Develop procedures for proposed acquisitions of products and services with estimated values exceeding notification thresholds.
* Ensure that the acquisition of products and services uses competition and performance based acquisitions to the maximum extent practicable.
* Ensure the collection of data on the acquisition of products and services for their area of responsibility.
* Monitor, require data collection, and conduct periodic acquisition and analysis of spending.

If a proposed acquisition includes both hardware and services, and the estimated total amount exceeds the notification thresholds, the acquisition must be approved by the appropriate ABC Company Vice President.

ABC Company executive management may identify any acquisitions as a special interest subject to review.

Consistent with ABC Company's strategic sourcing initiative, executive management shall collaborate with department heads, determine key categories of products and services, and dedicate full-time managers (if needed) to coordinate the procurement of products and services.

B. Review

ABC Company shall conduct an annual review of the Purchasing Department to ensure compliance with this policy and assess the department's progress in achieving its purpose. Executive management shall, at a minimum, ensure annual reviews are conducted to assess progress against approved cost, schedule, and performance metrics.

C. Acquisition Strategy

With respect to the acquisition of products and services, a procurement action includes the following:

* + Entry into a contract or any other form of agreement including, but not limited to, basic ordering agreements, blanket purchase orders, indefinite quantity, indefinite delivery contracts and other similar products and services.
  + Issuance of an order or any transfer of funds to acquire a service on behalf of ABC Company.

*Requirements*

The source of the requirement, the outcomes to be achieved, and, if performance based, the metrics used to measure the outcomes.

* + How the requirement was previously satisfied.
  + The nature and extent of research conducted.
  + Determine if a benefit analysis was conducted.

*Acquisition planning*

* + The adequacy of the acquisition approach including appropriate milestones.
  + Cost and price estimate for the total planned acquisition.
  + How the acquisition will be funded and the availability of funding.
  + Technical, business, management, and other significant considerations.
  + Any required waivers or deviations.
  + Documentation to explain why full and open competition procedures do not apply.

*Contract Award*

* The type of business arrangements anticipated (single contract, multiple award, etc.).
* The duration of each business arrangement.
* Pricing arrangements (fixed price, reimbursements, time and materials, etc.) and deposits.

*Risk Management*

The Purchasing Department should prepare an assessment of current and potential technical, cost, schedule, and performance risks and plan for mitigating or retiring those risks.

*Contract Tracking*

The Purchasing Department, along with the requesting ABC Company department, shall monitor existing or planned contract awards, quality assurance, and contract performance.

*Performance Evaluation*

The Purchasing Department shall establish procedures and guidelines for evaluating whether the metrics and any other measures identified to guide the acquisition have been achieved. These measures shall include the thresholds for cost, schedule, and performance for the acquisition of a product or service.

D. Data Collection Requirements

The Purchasing Department shall establish procedures to collect the following types of data on acquisitions of products and services.

* The products and serviced purchased.
* The total estimate value of the contract.
* The type of contract (fixed price, time and materials, etc.).
* The department requesting the acquisition.
* The extent of competition in making the purchase and the number of offerors.
* Whether the acquisition was made from a small business concern, disadvantaged individuals, etc.
* Whether the acquisition considered environmentally friendly products and services.

E. IT Products and Services

ABC Company has agreed standards in place for desktop software, operating systems, computer networks, computer hardware and peripherals, and IT related services. This standardization is essential as it allows ABC Company's IT Department to provide a quality and reliable service.

The main benefits are:

* IT Support Staff are familiar with hardware and peripherals, thus speeding up fault finding.
* The IT Department is able to stock standard spares in order to reduce down time.
* Network installations are planned and coordinated centrally by experienced network engineers.
* IT services with relevant skill sets provide ABC Company with a competitive advantage.
* Security and privacy requirements can be met per regulations, industry guidelines, and best practices.

*Approval Process*

The IT Department is the sole authority for submitting requisitions for IT equipment on behalf of any department that has approval to obtain such equipment.

All IT related hardware and software will be specified by the IT Director. Hardware and software cannot be purchased without a completed IT procurement authorization form. This form needs to be completed and signed by the user's line manager. Upon receipt of the completed form, IT will record the request and the IT Director will make a decision whether to approve, decline or amend the requirements for the purchase of the IT related products and/or services.

* If the request is approved, IT will forward the request to the Purchasing Department for fulfillment.
* If declined or changed, the IT Director will provide a brief explanation to the requesting manager.
* Equipment suppliers may be recommended by the IT Department but may be changed on a periodic basis.

*Product Delivery*

The IT Department will request that equipment be delivered to the IT Department where it can be checked for damage and compliance with the ordered specification prior to being set up and transported to its final destination.

The IT Department will inform the original requestor of the equipment when the equipment is delivered to the IT Department, and will make arrangements for installation.

The IT Department has a standard set-up procedure for new hardware, software and systems. This procedure ensures the equipment is configured correctly and that all IT security measures are addressed. This includes the setup of passwords, anti-virus software, and security.

Installation of replacement equipment will be given priority over new equipment in order to maintain continuity in the existing service.

A program for the systematic monitoring and evaluation to ensure that standards of quality are being met shall be established for all software developed or acquired by ABC Company. Quality evaluation and acceptance criteria for information systems, upgrades, and new versions shall be established, documented and tests of the system(s) shall be carried out both during development and prior to acceptance to maintain security.

Management shall have a clear oversight capacity in the quality testing process with the final product being certified as:

* Fit for purpose - the product should be suitable for the intended purpose, and
* Right first time - mistakes should be eliminated prior to release.

Commercially procured software shall be tested to ensure that the software contains no obvious features that might be detrimental to the security of the information system.

# V. Enforcement

Any Staff member found to have violated this policy may be subject to disciplinary action, up to and including termination.

# VI. Distribution

This policy is to be distributed to all Vice Presidents, senior executives, the Purchasing Department, and the IT Department.

**Policy History**

|  |  |  |  |
| --- | --- | --- | --- |
| Version | Date | Description | Approved By |
| 1.0 | 1/1/20XX | Initial policy release |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**References:**

COBIT APO01.03, APO01.11, APO03.06, APO03.08, APO09.05, DSS04.05, DSS05.02

GDPR Article 25

HIPAA 164.308(a)(1)(ii)(A)

ISO 27001 6.1.2, 7.1, A.12.1.2

NIST SP 800-37 2.8

NIST SP 800-53 3.11, CM-8, MP-6

NIST Cybersecurity Framework ID.SC1-2, DE.DP-2, RS.RP-1

PCI A3.1.2.b