

February 2020

Ethical Guidelines in Procurement

Poor procurement ethics practices not only affect the internal organization but can also impact customers and suppliers. In order to avoid these issues, organizations must employ stringent procurement ethics rules and systems. To guide decision making and help to avoid unethical practices, keep the following fundamental principles in mind:

Loyalty and Respect for Rules and Regulations

Officers must sign an oath vowing to conduct themselves per the organization's rules, acting in its best interest, and not allowing outside influences into any decision-making process.

Transparency

All information related to procurement processes should be made available to all parties involved. Tender announcements are required to contain sufficient information to inform the supplier of capability in bidding. Tender documents must be concise, detailing expectations, evaluation criteria, and dates.

Integrity

Strong moral principles and honesty are the pillars of integrity. The company's moral values should always be upheld; employees should not act with selfish motives or with the end objective of personal gain. When employees see evidence of unethical behavior, they should submit a report.

Unbiasedness

To achieve fairness in operations, bias should not be shown to specific suppliers or coworkers. Decisions should be made with impartiality, and changes to any document or

specifications should be distributed to all suppliers.

Confidentiality

In any business, information related to financials and personal information is protected and not made public as its release can jeopardize operations. Companies often have employees sign confidentiality agreements to ensure this remains intact.

Avoiding the Appearance of Impropriety

Officers should be aware of outside perceptions of behavior deemed to constitute a conflict of interest. Circumstances involving improper contact should be identified beforehand and avoided as major scandals can erupt based only on assumptions.

Due Diligence

Duties should be undertaken with the utmost care to follow all company regulations and standards while avoiding shortcuts.

Accountability

Persons should be held responsible for any decisions made during the procurement process. Any actions contrary to the organization's rules should be investigated and the required steps must be taken.

Excerpts from: <https://www.thomasnet.com/insights/procurement-ethics/>