

Procurement Policy

Policy Sponsor:	Chief Executive
Policy Owner:	Procurement Manager
Approved By:	Policy & Regulatory Committee
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1. Introduction

This policy supports effective and efficient procuring of goods and services, through engaging suppliers, ensuring accountability and robust governance. It is important that procurement is carried out under a clearly defined and transparent framework that supports the obligations and commitments of Council.

Procurement covers all the business processes associated with purchasing the goods/services/works we use to run our business and deliver our public service objectives. It starts with identifying needs, then planning the best way to meet them; continues through sourcing the goods/services/works then managing the contract; and ends with expiry of either the contract or the asset's useful life.

2. Objectives

- 2.1 To provide guiding principles and framework within which elected members (including community boards), staff, consultants, and any agents acting on behalf of the council must apply in respect to procurement and spending on behalf of the council.
- 2.2 To support the overall strategic objectives of the council to maximise sustainable value for money over the whole life of assets or services being procured.

3. Definitions

AoG: All of Government. An All of Government contract is an approved central government collaborative contract with approved suppliers for selected common goods and services.

DIA: Department of Internal Affairs (New Zealand).

Emergency procurement: the definition as outlined in this policy.

Government Procurement Rules: the 4th edition 2019 New Zealand Government Cabinet mandated that came into force on 1 October 2019.

MBIE: Ministry of Business Innovation and Employment (New Zealand).

Waka Kotahi NZ Transport Agency: The New Zealand Transport authority.

PSP: Professional Services Panel contract, WLASS collaborative contract.

Rfx process (RFP / RFT / RFQ): Request for Proposal, Request for Tender, Request for Quote.

Syndicated Contract: an approved collaborative contract typically involved a group of public agencies aggregating respective needs for market approach to establish goods or services contracts. Syndicated contracts can be open or closed to other agencies joining.

WLASS: Waikato Local Authority Shared Services, an organisation that focuses on the coordination and collaboration with other local Councils to procure shared services, aiming to reduce costs and improve overall performance for our customers.

4. Application

This Policy applies to all Council employees, consultants, and agents acting on behalf of Council with exception of any staff salary or wage payments, and property negotiations. When delegating or outsourcing spending or procurement activity and/or responsibility on behalf of the council, this policy still applies.

5. Significance

This Policy is not considered significant in terms of the Significance and Engagement Policy.

6. Policy Statements

6.1 Values

There are four basic values that underpin and uphold Council's approach to procurement. These values, as described below, should be considered in all procurement decisions.

(a) Integrity – being able to do the right thing, uncompromised, even when nobody is watching or listening

(b) Customer Focused – Having the best interests of the customer and the community at the core of the decisions and work we do, always

(c) Innovation and Collaboration – working in ways that support and develop new ways and collaborative ways of doing things that promote inclusion and support diversity

(d) Sustainability – considering economic, social, and environmental impacts always, ensuring decisions today do not have a negative impact on the generations to come

6.2 Principles and good practice

Councils' procurement framework aligns with The Government Procurement Rules (4th edition) and general industry best practice. The five principles of government procurement will be used to guide all procurement activity (procurement.govt.nz):

1. Plan and manage for great results.
2. Be fair to all suppliers.
3. Get the right supplier.
4. Get the best deal for everyone.
5. Play by the rules.

The following good practice considerations will be adhered to throughout all stages of the procurement process, including the evaluation, negotiation, execution, and management of any associated contract. These are:

- Use of a competitive process wherever possible.
- Transparency of the process
- Identification and resolution of Conflicts of Interest
- Fairness and impartiality
- Privacy and confidentiality

6.3 Financial Thresholds

The following thresholds reflect those contained within the WLASS Regional Procurement Framework and considers the New Zealand Government Procurement Rules. These rules, among other things, ensure compliance, best practice, consistency as well as upholding the commitment the New Zealand government has in relation to international treaties, agreements, and arrangements.

Spend Threshold	Risk Level	Procurement Requirement
\$0 - \$50k	Low to medium	No procurement plan required. <ul style="list-style-type: none">• Single quote in writing where an existing supplier exists, or• Two quotes in writing where there is no existing supplier arrangement for the goods and services. Engaged via electronic purchase order or appropriate minor physical works contract.
\$50k - \$250k	Low to medium	Lite procurement plan required. <ul style="list-style-type: none">• Three written quotes required, or• Public or invited RFX process where identified in the procurement plan. Engaged via contract.
Over \$250k	Any high-risk procurement regardless of dollar value	Full procurement plan required. <ul style="list-style-type: none">• Single or multi-stage RFX process as identified in the procurement plan.• Open procurement process required. Engaged via contract.

Where a procurement is subject to Waka Kotahi NZ Transport Agency (NZTA) subsidy, the financial thresholds and procedures prescribed in the NZTA manual will apply if the standards are higher than those of Council.

6.4 All of Government and Collaborative Contracts (Syndicated Contracts)

There are public sector contracts available for Council to use, for some common goods and services typically procured in the general business of a local authority.

It is mandatory, subject to clause 6.7, for the use of collaborative contracts including WLASS (including the PSP) and AoG contracts where Council has agreed participation by joining agreements.

6.5 Procurement Documentation/Records Management

All records must be retained for each procurement and stored in the Electronic Document Management (ECM) system. The records must document the procurement process (including all decisions); the contract awarded and include all recommendations and reports.

6.6 Non-Compliance

Failure to comply with the principles outlined in this policy or breach of responsibilities may be considered misconduct under the Councils Code of Conduct Policy and could result in disciplinary action.

6.7 Procurement Exemptions

Any departure from procurement policy or process must be approved by the Chief Financial Officer (CFO) on the advice of the Procurement Manager. Exemptions above public value thresholds will require CFO and Chief Executive approval.

Poor planning or workflow management are not valid reasons for exemption from this policy or associated processes.

6.8 Emergency Procurement

It may be necessary in an emergency to dispense with parts of the procurement process, so that the Council can react quickly. An emergency is defined as an event which puts:

- a. Life, property, or equipment at immediate risk; or
- b. Standards of public health, welfare or safety having to be re-established without delay, such as in the case of disaster relief; or
- c. The Council's service delivery would be significantly impaired if it failed to respond promptly; or
- d. A declared or undeclared response to an 'emergency' as defined in the Civil Defence and Emergency Management Act 2002.

Emergency procurement is to be used only in genuinely urgent circumstances and should be limited to what is required to cope with the emergency. Council staff are accountable for the maintenance of appropriate documentation regarding decision-making and commitments during the emergency.

6.9 Related Documents and Legislation

The following documents should be read in relation this Policy. This is not an exhaustive list and at all times decisions and actions must be carried out lawfully.

- Government Procurement Rules (MBIE)
- Waikato LASS Regional Framework
- Conflict of Interest Policy
- Gifts & Hospitality Policy
- Fraud Prevention Policy
- Code of Conduct
- Protected Disclosure Policy
- Delegations Manual
- Sensitive Expenditure Policy
- Procurement Roles, Responsibilities, and Processes

Legislation

Health & Safety at Work Act 2015

Local Government Act 2002

Public Records Act 2005

Construction Contracts Act 2002

Public Audit Act 2001

Public Finance Act 1989

Local Government Official Information and Meetings Act 1987

Local Authorities (Members' Interests) Act 1968

Commerce Act 1986

Fair Trading Act 1986

7. Policy Review

This policy shall be reviewed at three yearly intervals or as otherwise required by the Chief Executive or Procurement Manager.