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# Procurement Policy 2018

## Purpose

This document covers the policy for procurement of all works, goods or services by Taupō District Council having regard to budget provisions in the Ten Year Plan/Annual Plan or by specific resolution of Council.

## Policy

Council will carry out the procurement of works, goods and services in a manner that will support Council's community outcomes, agreed levels of service, organisational goals, strategic challenges and its values.

Council will procure works, goods or services in accordance with the following principles:

- **Accountability**

Council will be accountable for its performance and be able to give complete and accurate accounts of the use it has put public funds to. Council will annually undertake an independent audit of Council procurement contracts. All such audit reports will be reported to Council's Audit & Risk Committee.

- **Openness**

Council will be transparent in its administration of funds, both to support accountability and promote clarity and shared understanding of respective roles and obligations.

- **Value for money**

Council will use resources effectively, efficiently, economically and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes Council is trying to achieve. The principle of value for money for procuring goods or services does not necessarily mean selecting the lowest price but rather the best possible outcome for the total cost of ownership (or whole-of-life cost).

- **Lawfulness**

Council must act within the law and meet its legal obligations.

- **Fairness**

Council has a general public law obligation to act fairly and reasonably. It must be, and must be seen to be, impartial in its decision-making.

- **Integrity**

Anyone who is managing public resources must do so with the utmost integrity.

- **Local Economic Impact**

The Council will evaluate the impact of its procurement activity on matters such as local employment, use of local subcontractors, purchase or use of local materials and use of local operating premises.

## **Application**

The Policy is intended to provide guidance for all staff (and others) who have delegated authority for procurement. It also applies to the considerations by Council, in its governance role, for funding, procurement and purchasing decisions.

1. All procurement **\$10,000** (GST exclusive) and over shall be subject to a **competitive procurement process** which includes:
  - (a) Request for Quotation ("RFQ") when procuring **low value, low/medium risk** goods and services;
  - (b) Registration/Expression of Interest ("EOI/ROI") to identify suppliers interested in, and capable of, delivering the required goods or services; and to reduce the number of interested suppliers in order to minimise costs to all parties;
  - (c) Request for Information ("RFI") to gain a more detailed understanding of the supplier market and the range of solutions and technologies that may be available;
  - (d) Request for Proposal ("RFP"), a formal means of seeking proposals from the market where the Council is open to innovation and seeks a solution to a problem or process; and
  - (e) Request for Tender ("RFT"), a formal means of seeking tenders from the market where the Council's specifications or requirements are clearly defined, and there is little room for flexibility or innovation.
2. Procurement of **low value, low/medium risk** works, goods or services valued between **\$10,000 and \$100,000** (GST exclusive) may use quotations (three written quotes required wherever possible);
3. Otherwise, the competitive procurement process to be used will take into account the level of risk and the type of works, goods or services to be procured. Competitive processes are set out in more detail in the Operational Guidelines.

Note that in the area of roading and transport procurement where there is New Zealand Transport Agency (NZTA) assisted funding, then Council must follow the NZTA Procurement Manual, both for physical works and professional services.

## **Operational Guidelines**

Operational Guidelines shall support this Policy. They shall set out the issues to be considered, the procedures to be followed and the methods of procurement. These guidelines will be prepared with reference to the Office of the Auditor-General publication "Procurement Guidance for Public Entities". The guidelines will cover but not be limited to such items as:

- Communications and contact with tenderers
- Detailed procurement methods
- Financial thresholds
- Tendering stages
- Range of criteria to be considered
- Project plan requirements

## **Sustainability**

Council will consider sustainable procurement practices wherever possible that encompass social, environmental and economic aspects.

## Post Evaluation Negotiations Principle

Where considered appropriate staff involved in the procurement process will consider the potential for post evaluation negotiations. This to be once a successful tenderer is determined but before the awarding of the contract. Procedures for this process to take place will be contained in the Operational Guidelines that support this policy but the primary principle to be followed is that the process must be ethical and not used in a manner that might be considered unfair.

## Other Relevant Policies

This Policy must be read in conjunction with the following policies and / or Council authorities and are appended to this policy.

- a) **Delegations Manual January 2014 ref: A1075663**  
This manual sets out the delegations made by Council of responsibilities, powers and duties to the Chief Executive and other staff as provided for in the Local Government Act 2002 and other legislation.
- b) **Financial Delegations with Approved Budgets [Excl GST] ref: A1212346**  
Financial Delegations to Staff identifies delegations relating to contractual approvals.
- c) **Staff Conflict Of Interest Policy 2014 ref: A1208923**  
This policy provides general guidance on potential conflict of interest areas for staff In particular it provides staff involved in procurement activities direction for managing any potential conflicts of interest perceived or otherwise.
- d) **Sensitive Expenditure Policy 2011 ref: A819389**  
All staff involved in procurement processes must abide by Council's Sensitive Expenditure Policy and in particular Section 9 Entertainment and Hospitality and Section 12 Gifts.
- e) **Council Work Rules 2013 – Confidentiality ref: A1199712**  
Council work rules outline required behaviors of staff in regard to their employment. Verbal or written disclosure of confidential information is covered under Clause 11 and is considered serious misconduct if it occurs. This work rule applies to all staff involved in procurement.
- f) **Council Risk Management Charter 2017/18 ref: A1244099**  
Council will manage its procurement risks in accordance with the provisions of its Risk Management Charter 2013. The charter is monitored and overseen at a governance level by Council's Audit and Risk Committee and is reported on regularly to that Committee.

## Policy Implementation

Implementation of the policy will be the responsibility of senior management and included in ongoing and induction training for all current and new staff involved in procurement for Council.

## Policy Review

The policy will be reviewed on a three yearly basis by the Chief Executive on behalf of the Audit & Risk Committee who assume responsibility for the adoption or otherwise of any amendments as recommended.