

Procurement Policy



1. Introduction

1.1 The Gore District Council is a territorial local authority with obligations to its ratepayers and the public, defined under the *Local Government Act 2002* as:

"(i) conduct its business in an open, transparent, and democratically accountable manner; and

(ii) give effect to its identified priorities and desired outcomes in an efficient and effective manner".¹

1.2 Procurement plays a vital role in the delivery of the Council's business outcomes, with a variety of goods, services and works being purchased from different suppliers.

1.3 The Council recognises rigorous procurement management practices to:

- (a) ensure that the purchased goods, services or works are fit-for-purpose, value for money and quality outcomes;
- (b) underpin the performance and delivery of the Council's strategic and business objectives;
- (c) ensure a unique and standard process is applied for procurement in the organisation; and
- (d) ensure the procurement policy and process aligns with processes used by Waka Kotahi/New Zealand Transport Agency (NZTA) and the Ministry of Business Innovation and Employment (MBIE).

1.4 The Council also recognises its primary responsibility to ensure probity and the prudent expenditure of ratepayer funds.

2. Purpose

2.1 The purpose of the Policy (the 'Policy') is to articulate the Council's commitment to the responsive, cost-effective and fit-for-purpose procurement of goods, services and works as well as implementing a transparent and efficient process.

2.2 This Policy identifies the authority, responsibilities and operational parameters for prudent procurement decision-making and the effective management of contracts and associated legally-binding agreements.

¹ LGA (2002) Section 14: 1.

3. Scope

3.1 This policy applies to:

- 3.1.1 All Council employees, including temporary employees, contracted staff and suppliers.
- 3.1.2 Any person who is involved in the operation of the Council, including elected members, volunteers and those people with honorary or unpaid staff status.
- 3.1.3 Every business, service or activity of the Council – with the exception of employment contracts.

4. Definitions

- 4.1 **Approved contractor:** prior to undertaking any work for the Council, all contractors must apply for and be approved against a set of eligibility requirements, including insurance cover, health and safety (H&S) and relevant codes of practice.
- 4.2 **Bribe or inducement:** the giving or receiving, whether directly or indirectly, of something of value to influence a (procurement or contract management) transaction.
- 4.3 **Contract:** a formal, documented agreement between the Council and a supplier or contractor that commits Council in legal or financial terms to the acquisition of goods, services or works.
- 4.4 **Contract owner:** a designated Council staff member who is responsible for the ongoing management and delivery of contracted goods or services, and who has the authority to contract on the Council's behalf.
- 4.5 **Contracted staff:** non-permanent employees of the Council, including consultants and contractors employed on fixed or short-term contracts who are undertaking business activities on behalf of the Council.
- 4.6 **Market:** all potential providers of a good or service that may be available to the Council.
- 4.7 **Procurement:** the process of securing goods, services or works, including but not limited to purchase planning, standards or specifications determination, supplier and sector research, review and selection, pricing negotiation, making the purchase, supply contract administration, and other related functions.
- 4.8 **Whole of life:** an assessment of the total costs and/or benefits of purchasing goods, services or works– from concept to disposal. This includes purchase outcomes, operating costs spanning the useful life of the good or service, as well as any impacts associated with (product) manufacture, transport, delivery and disposal. Consideration may also be given to sustainable procurement, ie assessing the local social, economic and environmental costs and/or benefits associated with the procurement.

5. Principles

- 5.1 The Council's procurement practices shall ensure that the Council plans for, enters into and manages its procurement activities in a manner that maximises value for money and quality service delivery, as well as realises business, strategic and community expectations.
- 5.2 The following ten principles shall be reflected in all procurement practices:
- 5.2.1 The purchasing power of the Council will be harnessed for the realisation of its strategic and business objectives, as well as the benefit of the local community.
 - 5.2.2 The Council will at all times act with integrity, impartiality and in a fair and reasonable manner in its dealings with other parties.
 - 5.2.3 The Council shall ensure full probity in its procurement practices and decision-making processes. All procurement decisions will be appropriate and transparent, fair and equitable, and free from any real or perceived bias or conflict of interest.
 - 5.2.4 Open and effective competition will be encouraged – all eligible suppliers (subject to section 6) shall have full and fair opportunity to participate.
 - 5.2.5 The Council shall take into consideration the whole of life costs and/ or benefits associated with procurement – spanning design, manufacture, delivery, operation and disposal.
 - 5.2.6 Consideration will be given to sustainable procurement principles whenever possible, ie assessing the whole of life social, economic and environmental impact of the procurement.
 - 5.2.7 All contracts shall clearly identify the functional, performance and/or technical deliverables and key performance indicators that reflect the Council's expectations and quality standards, and establish effective means to measure, monitor and manage their delivery.
 - 5.2.8 All contracts will be actively managed in a manner that fosters collaboration with suppliers and contractors, maximises value for money as well as supports continuous innovation and improvement.
 - 5.2.9 Procurement processes will comply with all applicable statutory obligations, recognise the Council's business, strategic and community expectations, and reflect relevant sector, central and local government good practice standards and guidelines.
 - 5.2.10 All procurement risks will be identified and managed effectively throughout the life cycle of the goods, services or works.

6. Buy Local

- 6.1 The Council in certain circumstances will confer preference on local companies in order to maximise economic activity in the District. Buy Local preference does not apply to the NZTA and MBIE assisted programmes. The preference conferred on local companies is not absolute and is subject to the following limits:

- (a) A preference will be conferred in favour of local business enterprises

for the purchase of Council goods and services, with allowances on price compared to those provided by companies outside the Gore District as follows:

- 7.5% up to \$5,000 in value
 - 5% up to \$10,000 in value
 - 2.5% over \$10,000 in value
- (b) Specialist services such as legal, engineering and planning, the full range of which may not be available in the Gore District, are not subject to the buy local preference section of this policy.
- (c) Goods and services being of an acceptable quality;
- (d) Goods or services that can be obtained in a timely manner to suit the needs of the Council.
- (e) For the avoidance of doubt, a local company is defined as:
- A company which has a physical presence in the form of a shop, branch, depot or building located in the Gore District.

7. Conflict of interest

- 7.1 The Council shall ensure that procurement and contract management processes cannot be justifiably challenged on the basis of any real or perceived bias or conflict of interest.
- 7.2 All procurement and contract management decision-making processes shall include careful consideration of any actual, potential or perceived conflicts of interest.
- 7.3 Under no circumstances shall a staff member influence, advise or participate in a procurement activity where that employee or a spouse, partner or family member has an actual, potential or perceived conflict of interest.

8. Approved contractor supplier panels

- 8.1 It will be permissible, but not mandatory, under this policy for the Council to establish an approved panel of suppliers or contractors for a specific type of service or goods.
- 8.2 Supplier panels may be established for any of the following:
- (a) Roading contractors
 - (b) Three Waters contractors
 - (c) Land surveying services
 - (d) Valuation services
 - (e) Information technology services
 - (f) Human resource recruitment services

- (g) Arborist services
- (h) Trees and shrubs
- (i) Vehicles.

8.3 Registration of Interest

The establishment of an approved contractor/supplier panel will commence with a public invitation for prospective contractors and suppliers to formally express an interest in being an approved supplier of goods and/or services to the Gore District Council.

8.4 Expressions of interest will be assessed against the following criteria:

- (a) Quality of service;
- (b) Relevant experience;
- (c) Skills of labour force;
- (d) Health and safety track record including current policies and procedures; and
- (e) Indicative pricing of services or goods offered.

8.5 The evaluation of expressions of interest under the criteria set out in 8.4 above must be undertaken by a minimum of three Council staff comprising of:

- (a) One General Manager
- (b) Two Managers.

8.6 A prospective supplier of goods or services must achieve a 50% rating or better of all five components of the criteria set out in 9.4 above to secure a place on the approved panel.

8.7 The Chief Executive shall approve the membership of every panel, based on the results of the evaluation team, profiled in 8.5 above. Should the Chief Executive have a conflict of interest, the composition of the proposed panel shall be approved by the Council.

8.8 Each panel, once established, will remain in place for a five-year term. At the expiry of the five-year term, the membership of the panel will be reviewed using the registration of interest and evaluation process set out in clauses 8.3-8.7, inclusive, of this policy.

8.9 Once a panel has been established for a particular type of good or service, the Council staff can then make direct approaches to approved entities on the panel to procure goods and services.

8.10 Selection of a preferred supplier within a particular panel will be based solely on price.

8.11 The following financial thresholds shall apply for procuring goods and services within an approved supplier/contractor panel:

(a) \$50,000 or less:

- One quote may be sought

(b) Greater than \$50,000

- At least two written quotations to be sought

8.12 This section (clauses 8.1 – 8.11 inclusive) is subject and subordinate to the Buy Local provisions contained in section 6.1 of this policy.

9. Procurement outside of the approved panel

9.1 Where an approved supplier panel is not in place, staff undertaking procurement must be able to carry out a rough estimate and conduct a market research and the evaluation of potential goods or service and shall proceed the procurement under the following categories (value):

(a) Procurement with a cumulative value of more than \$10,000 and less than \$25,000 requires at least two written quotations.

(b) Procurement with a cumulative value of more than \$25,000 and less than \$150,000 require at least three written quotations.

(c) Procurement with a cumulative value of more than \$150,000 requires an approved procurement plan and an open and competitive process (RFP/ RFT).

9.2 A procurement plan shall determine the tender and procurement process and stages, supplier market analysis, risks, supplier selection and delivery method as well as the estimated and/or the LTP budget and the contract duration.

9.3 All NZTA part funded activity will be procured in line with NZTA's Procurement Manual.

9.4 The tender process and evaluation results shall be endorsed by a certified evaluator and General Manager or Chief Executive, as per their delegated authorities.

9.5 All contracts must be approved and signed by a Council staff member with appropriate delegated authority. No external parties are authorised to sign contracts on behalf of the Council.

10. Exemptions

10.1 Exemption from the Council's procurement policy and processes may be necessary due to circumstances beyond the control of the Council. Such instances include:

(a) A limited number of suppliers available in the market, or where specific specialist skills are required such as legal, accounting, project management, cybersecurity and internal audit.

(b) A different procurement methodology or process is stipulated by legislation or a

professional/ regulatory body.

- (c) An exceptional, urgent or emergency situation where immediate Council decision-making is required and is in the best interests of ratepayers.
- (d) A tendering process has been openly advertised, but has not received any response, or the received responses did not meet the requirements or were non-conforming.
- (e) Additional goods, services or works required when the original contract was openly advertised and changing of supplier cannot be made for economic or technical reasons.
- (f) Prototype and innovative goods or services.

10.2 In such instances, two members of senior leadership team (SLT) shall authorise the deviation prior to adoption, and if appropriate the decision ratified (retrospectively) by the Council.

10.3 In such instances where a staff member has a conflict of interest, but also possesses specific expertise that is deemed essential to the procurement decision-making process and which is not available from any other sources (including those external to the Council), two members of SLT may sanction that person's involvement in writing, provided they:

10.3.1 ensure the staff member's involvement is limited as much as possible; and

10.3.2 closely supervise the staff member's role and take personal responsibility for the fairness and equity in the decision-making.

11. Documentation and publication

11.1 All procurement processes shall adhere to relevant statutory and regulatory obligations, including the Public Records Act 2005.

12. Confidentiality

12.1 Employees involved in procurement activities shall take all due precautions when handling commercially sensitive information. This includes ensuring information is protected and not passed between parties entering into a tender or other competitive procurement process, as well as maintaining the rights of the Council and third party intellectual property.

12.2 Confidentiality obligations continue throughout the procurement process, as well as after the contract has terminated or expired.

The policy was revised by the Audit and Risk Committee at its meeting held on 21 September 2021. It was endorsed and adopted by the Gore District Council at its extraordinary meeting held on 6 October 2022.