

PROCUREMENT POLICY



TO BE USED BY ALL EMPLOYEES, CONTRACTORS AND CONSULTANTS WHEN PROCURING GOODS AND SERVICES

Business Unit	Finance
Date created	October 2016
Publication date	May 2020
Review period	Every three years (or earlier if considered necessary)
Most recent review	February 2022
Owners	Group Chief Financial Officer Head of Procurement
Approved by	Council

Version	Author	Date	Description
V 1.0	Bradley Cato	01/10/2016	Approved by SLT
V 2.0	Paula Alkema	19/03/2020	Reviewed.
Rev 2.3	Allen Yip	May 2020	Approved by CLT
V 3.0	Jenny Livschitz	February 2022	Review of financial thresholds

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1. INTRODUCTION

Procurement plays an important role in how Hutt City Council (the Council) together with its Council-Controlled Organisation's (CCOs) delivers its priorities and works to build a resilient and connected city where all our people thrive. Together Council and its CCOs form the Council Group. The Council Group is a major buyer of goods, works and services. The way we plan, source and manage our expenditure and spend public money has an impact in the local economy and can affect the Council Group's performance and reputation.

2. PURPOSE

The purpose of this policy is to ensure that all Council Group procurement occurs within the parameters of public sector policy, rules and guidelines and gives effect to the Council Group's Organisational Procurement Strategy. It outlines Council's approach to planning, sourcing and managing our procurement.

This policy set out Council's expectation for how all Council Group procurement activities will be planned and managed.

3. COMPLIANCE WITH THE PROCUREMENT POLICY

This Procurement Policy and the Procurement Guide reflect current Government requirements and international procurement best practice. Inherent in the procurement process are options which allow tailoring to suit individual requirements.

All Council Group employees and, contractors must comply with this policy and the associated Procurement Guide whenever a procurement exercise is undertaken unless there is compelling justification to depart from the procurement process and the reasons are recorded and approved by a person with the appropriate financial delegation to grant an exemption.

This Group policy and the guidelines apply to all CCOs wholly owned by Council.

4. SCOPE

This procurement policy covers all procurement processes entered into by employees, including permanent staff members (full-time and part-time), temporary staff, seconded staff, consultants, contractors and any entity acting as a procurement agent for the Council Group.

This policy does not apply to:

- sub-contracting or sourcing activities undertaken by Council suppliers, unless specifically required under contract
- entering into employment contracts¹
- property transactions, including the lease, sale or purchase of land or buildings.

All procurement processes relating to transport infrastructure works which claim financial assistance from the Waka Kotahi NZ Transport Agency (Transport Agency) must comply with the [Procurement Manual](#) for activities funded through the National Land Transport Programme².

¹ Assistance should be sought from Human Resources with regards to employment contracts.

² Enabled through the joint Hutt City and Upper Hutt City Council Procurement Strategy

5. PROCUREMENT OBJECTIVES

This procurement policy informs Council employees and contractors of the appropriate requirement when undertaking procurement for the Council, with particular consideration to:

- Contributing to the achievement of Council's strategic objectives as expressed in the Organisational Procurement Strategy
- Demonstrate best value for money spent
- Demonstrate transparency and accountability in our decision making
- Promote consistency of approach to deliver efficient and continuous improvement
- Deliver broader outcomes
- Develop strategic partnerships with our supply chain.

This policy is not a "how-to" procurement guide. In order to make it easy for Council to comply with this policy and achieve its business outcomes, support and guidance is available through Council's Procurement Guide and supporting templates.

6. PRINCIPLES OF PROCUREMENT

The following specific principles apply to all Council Group procurement activities. Each principle is supported by one or more statements that reflect the requirements of Council's procurement guide and the expectations of Council's Leadership Team.

BEST VALUE FOR MONEY

All of our procurement decisions must be justifiable on the basis of best value.

- Before initiating any sourcing process, the criteria by which best value will be determined must be documented, approved and communicated to potential suppliers.
- Procurement planning and decision making must consider potential social, environmental, sustainability, cultural and economic benefits and impacts
- Procurement planning should consider the management of risk associated with any new or modified buildings or structures, equipment, material, services or work processes introduced into the workplace and provide evidence that health and safety issues have been incorporated into purchasing decisions where applicable.
- Procurement decision making should be objective and evidence based wherever possible. More subjective decisions of best value must apply professional and informed judgement, with a record rationale.

TRANSPARENCY AND ACCOUNTABILITY

Our procurement practices must be able to withstand public scrutiny at all times.

- All procurement decisions and resulting contracts are the responsibility of the individual named positions in the delegations matrix
- Procurement processes and decisions must be clearly recorded so they can be reviewed or audited.
- All procurement activities and supplier relationships must be managed with the highest levels of

integrity, in accordance with Council's [Code of Conduct](#)

- The [Conflict of Interest policy](#) applies to all procurement activities and decisions. Formal conflict of interest declaration must be completed by all employees and suppliers directly involved in a procurement activity.

CONSISTENCY OF APPROACH

All procurement activities and decisions must comply with Council's policies, procurement procedures and delegation schedules.

- Compliance with procurement procedures and the financial delegation matrix is mandatory.
- All procurement processes should use Council's endorsed templates and processes.

BROADER OUTCOMES

Council will look to create opportunities and benefits for the City and wider Region by investing in economic, environmental, sustainable and social and cultural outcomes.

- Broader outcomes must be considered when planning all procurement activities.
- Support suppliers that provide cost-effective, environmentally responsible products and services.

SUPPLY CHAIN

Develop strategic partnerships with our supply chain

- Create opportunities for early and proactive engagement with our supply chain to help inform procurement planning
- Develop a pipeline of procurement opportunities to encourage confidence from the supply chain that translates into multiple viable responses to tenders
- All open tenders will be publicly advertised using the local paper and, on the Governments Electronic Tendering Service (GETS)³ website and/or Tenderlink⁴
- Give sufficient response times for suppliers to respond to our requests

PRINCIPLES OF GOVERNMENT PROCUREMENT

Council will apply the [Principles of Government Procurement](#) when procuring goods, works and services, when planning, sourcing and managing our procurement.

- Plan and manage for great results
- Be fair to all suppliers
- Get the right supplier
- Get the best deal for everyone
- Play by the rules

³ GETS is a free online service designed to promote open, fair competition in the New Zealand Government market and meet international trade agreement commitments to provide information about New Zealand Government business opportunities.

⁴ Tenderlink is a commercial e-tendering network used by the public and private sectors.

7. FINANCIAL THRESHOLDS

The Council Group is required to conduct an open tender for contracts for goods and services with a value in excess of \$100,000 NZD or \$500,000 NZD for construction related contracts. These thresholds relate to the total anticipated value of the contract for the full term of the contract (i.e. the aggregated total cost of the contract) e.g. a two-year requirement/relationship with an annual value of \$30,000 would equal a total contract value of \$60,000. Contract values must not be structured or divided at any stage to fall under the thresholds to avoid tendering.

COUNCIL GROUP (EXCL UPL)⁵

Procurement Activity	Total Value of Contract (Goods and Services)	Total Value of Contract (Construction)
Direct purchase	\$0 - \$25,000	\$0 - \$50,000
Closed tender ⁶	\$25,001 - \$99,999	\$50,001 - \$499,000
Open and competitive tender	>\$100,000	>\$500,000

URBAN PLUS LIMITED⁷

Procurement Activity	Total Value of Contract (Goods and Services)	Total Value of Contract (Construction)
Selective purchase	\$0 - \$50,000	\$0 - \$50,000
Competitive quotation ⁸	\$50,001 - \$200,000	\$0 - \$200,000
Closed tender ⁸	\$200,001 - \$499,999	\$200,001 - \$499,999
Open tender	>\$500,000	>\$500,000

Before goods are purchased or services are engaged, a purchase order (for direct purchase only) or a written contract must exist.

The financial delegations outlined in the Financial Delegations Policy must be adhered to when conducting any procurement process. All requests to procure goods and services must be authorised by a person holding the appropriate financial delegation for the total life of the contract.

8. ALL OF GOVERNMENT/SYNDICATED/PANEL CONTRACTS

The Council will utilise the [All-of- Government Panels](#), Syndicated Contracts and Council's own panel contracts if there are contracts in place that can meet their needs unless there is a good reason not to.

9. RELATED POLICIES, MANUALS AND GUIDANCE

The following documents should be read in conjunction with this Policy:

- Organisational Procurement Strategy
- Procurement Guide
- Financial Delegations Policy
- [Code of Conduct](#)
- [Conflicts Of Interest](#)
- [Receiving of Gifts Policy](#)
- [Waka Kotahi NZ Transport Agency's Procurement Manual](#)

⁵ Financial thresholds must be followed unless there is an approved exemption

⁶ Quotes to be sought from at least three different vendors / suppliers

- Hutt City Council and Upper Hutt City Council Joint Procurement Strategy
- [Government Procurement Rules](#)
- Health and Safety Manual [*INSERT LINK*]

10. RELEVANT REFERENCES

Additional reference material can be found through the following websites:

- [Office of the Auditor General's Procurement Guide for public entities \[2008\]](#)
- [Ministry of Business, Innovation and Employment's Government Rules of Sourcing \[2019\]](#)
- [State Services Commission's Conflicts of Interest Model Standards](#)
- [State Services Commission's Code of Conduct for the State Services](#)