



PROCUREMENT POLICY
2020

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1.0 PURPOSE

The purpose of this Policy is to ensure that Waitomo District Council (WDC) has clear guidance on how its procurement activity should be undertaken at all levels. It provides the “rules” within which WDC will operate. WDC’s expectation is that anyone who is undertaking procurement activity on behalf of WDC will abide by the rules, and if they are unclear then guidance should be sought.

The Principles will ensure that WDC upholds the integrity of its procurement and set a clear expectation of what is required when any person within WDC makes a financial commitment on behalf of WDC.

The framework and any additional guidance documentation will assist to provide a consistent approach to all procurement within WDC. It is to support the end user to select the appropriate procurement process having regard to the level of spend, risk and the current environment and then to work through that process with confidence and consistency, regardless of whether the end user is a full-time procurement practitioner or not. In addition, this document sets out how to determine whether or not to utilise an All of Government, Regional or Syndicated contracts.

This document will make it clear for suppliers, WDC employees and authorised third parties on WDC’s expectations when procuring third party goods, services and/or works. It ensures that spend is planned out and creates well executed third party solutions that minimise risk and maximise value for all involved.

2.0 PROCUREMENT CORE PRINCIPLES

1. GET BEST VALUE FOR MONEY

- Account for all costs and benefits over the lifetime of the goods, services and/or works.
- Make sure that public funds are utilised most effectively.
- Be clear on the scope of the requirements to avoid disappointment or dispute.
- Make sure all risks, not just commercial, are considered before making any final commitment.
- Be clear in how the bids are evaluated so that the process is fair and transparent.
- Be fair to all suppliers throughout the full procurement lifecycle.
- Work with the supplier to develop opportunities to make savings and improvements.
- Be responsible for the outcomes of the deal that is agreed.

2. PLAN AND MANAGE FOR SUCCESS

- Make sure that you need to undertake the procurement and then plan how to get the best outcome.
- Make sure you follow the right procurement process - if in doubt go for the higher-level approach.
- Get Procurement or your Procurement Lead involved early to create the best outcomes.
- Consider the sustainability of the region, social responsibility and value to the community.
- Take time to understand the market.
- Be responsible for managing the health and safety requirements throughout the life of the contract.
- Support the suppliers through right-sized contract management and support.

3. FIT FOR PURPOSE PROCUREMENT

- Make sure that the process and the contracts are fit for purpose both in content and size.
- Consider the benefits of national, regional or local procurement dependant on the value it will bring and the availability of each.
- Make sure you understand the ethical nature of the procurement.
- Seek support if proposed contractual changes materially change the contract.

4. KEEP THE INTEGRITY THROUGH CONTROLS

- The controls within the procurement process are there to protect employees, supplier and the public - follow them.
- The Procurement Policy is not stand alone - ensure you understand your requirements in other policies as well (e.g. Delegated Authorities).
- Always ensure there is appropriate segregation of responsibility.
- Highlight any conflicts of interest so that everyone has transparency on any relationships.
- Always keep a record of the procurement activity undertaken so that there is clarity, ownership and accountability.

5. PLAY BY THE RULES

- Adhere to and own the Procurement Principles, Policy and Framework.
- Make sure everyone acts responsibly, legally, ethically and with integrity.
- Stay impartial throughout the procurement process.
- Protect suppliers' commercially sensitive information and intellectual property.
- Be respectful of the process, the people and the outcomes.
- Strive to ensure everyone wins.

These Principles apply to anyone (employee or authorised third party) committing funds on behalf of WDC with a supplier regardless of how big or small; complex or straight forward; or open or closed the transaction(s) may be.

3.0 POLICY

1. Overview

This Procurement Policy is designed to provide all employees and authorised third parties with clarity and guidance over the purchase of goods, services and/or works required to support business delivery. This Policy is designed to ensure that WDC obtains best whole-of-life value for the goods, services and/or works that it purchases, and to maintain the highest ethical standards in dealing with, its suppliers. Value includes but is not limited to price, quality, sustainability and service.

2. Application

This Policy applies to all employees and authorised third parties committing expenditure on behalf of WDC on In Scope spend.

3. In Scope

This Policy applies to the commitment of all funds by employees or authorised third parties on behalf of WDC with the exception of property-related expenditure, emission trading scheme and statutory appointments.

Examples of expenditure to which this Policy applies include:

1. Operational Expenditure – Goods, Services and/or Works required to support the day-to-day running of WDC.
2. Material Outsourcing Arrangements – involves WDC entering into an agreement with another party (supplier) to perform, on a continuing basis, a business activity which currently is, or could be, undertaken by WDC itself.
3. Supplier Panels – where employees can purchase against pre-agreed rates and conditions of contract.
4. Consultancy Expenditure – involves the use of professional service providers to obtain advice and/or support relating to an area of specific expertise.
5. Project and Capital Expenditure – involves WDC entering into an agreement on a one-off basis with another party (supplier) to provide an agreed specific set of outcomes aligned to a project or capital outlay.
6. NZTA Subsidised Arrangements – provides NZTA subsidised services obtained through the NZTA procurement process (NB: as documented, the financial limits and procedures prescribed in the NZTA Procurement Manual will apply if NZTA standards are higher than those set by WDC).
7. Subject to 6 above, 3rd Party Funding Procurement – Goods, Services and/or Works required to achieve projects supported by 3rd party funding, where Council has agreed to participate.

4. Policy Objectives

The objectives of this Policy are to provide clear direction and support to management, employees and authorised third parties in relation to the performance of procurement activities in line with the Procurement Principles and establishes a decision framework that ensures:

- **Adherence** – all procurement is required and is undertaken in accordance with the Procurement Policy and all other associated WDC Policies and Strategies;
- **Openness** - all procurement is made in an open and transparent manner with full and fair opportunity for all eligible suppliers;
- **Fairness** - all procurement is carried out in a fair manner and decisions are made with impartiality and without bias;
- **Integrity** - all WDC employees and/or authorises third parties undertaking procurement do so ethically, equitably and with behavioural standards of the

highest levels;

- **Value for Money** – all procurement considers the costs and benefits over the life of the goods, services and/or works, and in doing so takes into consideration local procurement;
- **Risk** – all procurement considers the risks (commercial and otherwise) and ensures these are managed appropriately;
- **Lawfulness** - all procurement is within the law and meets WDC's legal and organisational obligations;
- **Accountability** - employees and/or authorised third parties and suppliers are accountable for their performance; and
- **Sustainability** - all procurement is environmental and socially sustainable wherever possible, having regard to economic, environmental, and social impacts over their lifecycle.

Procurement is based on the Core Principles, Rules, Charter and other good practice guidance. Collectively, these provide a broad framework that supports accountability for spending, sound business practice and better results.

Good practice is about developing a strong understanding of all of the aspects of the procurement lifecycle, and skilfully applying these to deliver the best results. Processes should be proportionate to the value, risk and complexity of the procurement. Sound commercial judgement will achieve the best value for money, and drive innovation and performance.

Understanding suppliers and the market is an essential part of a planned approach to market. Procurement also covers proactively managing supplier and stakeholder relationships throughout the sourcing and contract process. Development of the supplier relationship drives best value for money through ongoing efficiency and effectiveness gains.

5. **Contract Hierarchy**

Once the requirement to spend has been established, the first consideration should be whether or not there are All of Government (AOG) contracts, Regional or Syndicated contracts available for use.

If there are AOG, Regional or Syndicated contracts available, it is likely that the benefits from these will outweigh the potential local benefits due to the economies of scale "buying power" available.

A review of these options should be undertaken, and where the contract meets the requirements, it is advisable for WDC to sign up to these rather, than pursue a local procurement strategy, except in certain circumstances.

6. **Spend Limits & Authorisations**

Any employee wishing to make a purchase on behalf of WDC needs to be aware from whom within the organisation they must get approval, before making the commitment.

Appropriate authorisation must be obtained prior to ordering goods, services and/or works. The authorising signatory is certifying that they have reviewed the transaction and all related documentation, and that it conforms to WDC policy and goals, as well as applicable laws.

An authorising signatory should not both initiate and approve the same transaction. In no circumstances will an authorising signatory approve payments

of any kind to themselves.

Any employee purchasing on behalf of WDC must ensure that they follow the correct procurement process based on the spend level and risk threshold. In all cases, when determining the correct procurement process, the spend level to be considered is the aggregate (combined) spend over the life of the contract and relates to the total spend on a project.

For example:

1. for a maintenance agreement of \$50k per annum with a three-year term the total spend is \$150k, and the procurement process for spend of a level of \$150k should be applied;
2. the procurement planning for a project with multi-disciplines, such as refurbishment of a building, may require a builder - \$100k, electrical work - \$100k, HVAC work - \$75k and plumbing - \$50k: the procurement process for spend of a level of over \$150k should be applied for the aggregated spend, although it is accepted that as part of the procurement process WDC may decide to go out for individual tender processes for each of these services separately.

7. Preferred Suppliers

Wherever possible, employees should direct all goods, services and/or works purchases through these preferred supplier contracted arrangements. A list of all AOG, Regional, Syndicated and local preferred suppliers is available and should be reviewed before any commitment is made.

There may be occasions when employees will notice cheaper alternatives to these contracted arrangements. Employees should be aware that these contracts have been arranged with the overall benefit to WDC in mind. Overall quality, performance, and whole-of-life-cost have been considered when selecting the suppliers.

Note: Whether utilising preferred or non-preferred suppliers, the correct procurement process must be applied. As the contract and commercial negotiations have been completed in advance, the process for using preferred suppliers is far less time consuming. However, if there is a need to vary the existing terms or pricing (where there is an increase in cost) outside of the agreed contract, the supplier should then be treated as a non-preferred supplier and the non-preferred supplier process applied.

A supplier who has pre-qualified under WDC approved HSE system and/or process, is not automatically a preferred supplier. A preferred supplier will have also been through a commercial process and have a contract in place.

8. Procurement Processes

Where an employee or authorised third party is looking to make a purchase they need to follow the appropriate procurement process. The processes have been separated to take into consideration the potential costs and risks to WDC.

Cost – these are the total costs expected for the life of the contract and should include any contingencies or on-going costs. It is the aggregate of all the costs that should be used to determine the correct procurement process to follow.

Risk – these are the risks, their likelihood, the ability to mitigate the risks and the consequences to WDC should the risk occur. This should take into consideration all types of risk including, but not limited to, commercial, operational and reputational risk.

9. Value Thresholds and Requirements

The different levels and requirements that relate to the procurement process are as follows:

Effective until 31 March 2021 (inclusive)

1. ~~Procurement under **\$50,000** and considered low or medium risk requires:~~
 - a. ~~Up to **\$5,000** spend:~~
 - ~~— 1 quote; **and**~~
 - ~~— consideration of local procurement; **and**~~
 - ~~— one up approval in writing.~~
 - b. ~~Over **\$5,000** up to Financial Delegation Register Limit:~~
 - ~~— 3 quotes; **and**~~
 - ~~— consideration of local procurement; **and**~~
 - ~~— a memo to General/Group Manager for approval.~~
 - c. ~~Over the Financial Delegation Register Limit and up to **\$50,000**:~~
 - ~~— 3 quotes; **and**~~
 - ~~— consideration of local procurement; **and**~~
 - ~~— a Business Paper to Tenders Sub Committee for approval.~~
2. ~~Procurement between **\$50,000** and **\$150,000** and considered either low or medium risk requires:~~
 - a. ~~a Business Paper and Procurement Plan to Tenders Sub Committee for approval; **and**~~
 - b. ~~an Invited RFx (Closed Tender) process to be used as signed off in the Procurement Plan.~~
3. ~~Procurement over **\$150,000**, or any high risk procurement, regardless of dollar value requires:~~
 - a. ~~a Business Paper and Procurement Plan to Tenders Sub Committee for approval; **and**~~
 - b. ~~a Public RFx (Open Tender) process, as signed off in the Procurement Plan.~~

4. Where a contract is subject to a New Zealand Transport Authority (NZTA) subsidy, the relevant Land Transport Procurement Strategy, and the financial limits and procedures prescribed in the NZTA Procurement Manual will apply, if the standards are higher than those set by WDC.
5. Subject to clause 4, where Council agrees to participate in 3rd party funding arrangements, the financial limits, rules, requirements and procedures in this Policy apply, unless amended in accordance with a Council resolution (see 5.0 - The WDC Procurement Framework).

Note: These are the minimum requirements pertaining to undertaking procurement activity for example, more suppliers than the minimum can participate.

Section 9(6) to 9(8) effective from 1 May 2021 (inclusive) and will replace 9(1) to 9(3) above.

9. Value Thresholds and Requirements

(6) Procurement under **\$150,000** and considered low or medium risk requires:

- a. Up to **\$15,000** spend:
 - 1 quote; **and**
 - consideration of local procurement; **and**
 - one-up approval in writing.
- b. Over **\$15,000** up to Financial Delegation Register Limit:
 - 3 quotes; **and**
 - consideration of local procurement; **and**
 - a General Manager approval, documented through an agreed process.
- c. Over the Financial Delegation Register Limit and up to **\$150,000**:
 - 3 quotes; **and**
 - consideration of local procurement; **and**
 - a Business Paper to Tenders Subcommittee for approval.

(7) Procurement between **\$150,000 and \$250,000** and considered either low or medium risk requires:

- a Procurement Plan and Business Paper to Tenders Subcommittee for approval; **and**
- an Invited RFx (Closed Tender) process to be used as signed off in the Procurement Plan.

(8) Procurement **over \$250,000**, or any high-risk procurement, regardless of dollar value requires:

- a Procurement Plan and Business Paper to Tenders Subcommittee for approval; **and**
- a Public RFx (Open Tender) process, as signed off in the Procurement Plan.

10. Procurement Exemption

The process for the relevant level identified above should be followed fully. If deviation from the process is required, the reason for the deviation should comply with one or more of the following criteria:

1. **Monopoly situation:** Where there is a monopoly situation and only one Supplier capable of supplying the requirements (e.g. engaging an arrangement for the supply of electricity on a network where the network is owned by a single party); or
2. **Proprietary technology:** Where a Supplier is the sole Supplier and/or patent holder of a specific product that is required by WDC. WDC must be satisfied that the proprietary technology is the most appropriate for the needs of WDC; or
3. **Benefits and costs of competition:** The time and costs of a competitive process outweigh the benefits of competition; or
4. **Unique business proposition:** Where a Supplier has a unique business proposition that can minimise risks or costs to WDC. This could include existing knowledge relevant to a project; or
5. **Existing contract:** If goods, services and/or works are in addition to, or necessary for the completion of, delivery of an existing contract, provided

that the original contract was publicly advertised, and a change of Supplier cannot be made for economic, technical, legal or practical reasons.

The key requirement is the direct appointment represents best value for WDC. Poor planning or organisation of procurement is not justification for deviation from the framework. In all instances a procurement exemption must be signed off by the Tenders Subcommittee.

11. Emergency Procurement

Where a declared or undeclared response to an 'emergency', as defined in the Civil Defence and Emergency Management Act 2002 (CDEMA), occurs, this Procurement Policy does not apply to procurement of goods and/or services required for that emergency. Procurements required under this category will be pursuant to the CDEMA.

In any other crisis or emergency, it may be necessary to dispense with parts of the procurement process so that WDC can react quickly to unforeseen events. WDC will need to be flexible in how it procures goods and services that are required for its response.

Emergency procurement should be used only in genuinely unforeseen circumstances.

Poor planning or organisation of a procurement does not justify dispensing with parts of this Policy.

In the context of this Policy an emergency is defined as an event which results in:

1. Employees, public, supplier, property or equipment being placed in immediate risk;
2. Standards of health, welfare or safety having to be re-established without delay;
3. The significant impairment of WDC's delivery if WDC failed to respond promptly;
4. Critical health or environmental emergencies, such as a pandemic; or
5. An unanticipated event that makes it impossible for an agency to perform a statutory or critical function.

Emergency procurement should be limited to what is required to cope with the emergency. Once the emergency event is stabilised a recovery plan may be established, and approved by Council, to authorise necessary procurement activity.

Emergency procurement must be authorised by employees with the appropriate financial delegation as soon as practicable following the purchase.

12. Roles and Responsibilities

Employees and authorised third parties are responsible for ensuring the purchasing, tendering and contract process is carried out in line with the Procurement Core Principles, Policy, Rules, Charter and Framework (and any other Council policies and procedures), by those who have the delegated authority to make procurement decisions.

All Contracts and Purchase Orders are to be authorised by the appropriate delegated authority prior to the placing the order with the supplier and committing the funds.

Employees and/or authorised third parties are responsible for ensuring all contract information is uploaded on the WDC Electronic Document Management System, including all quotes or full RFx information. In addition, approval documentation is required to be held in the appropriate and required digital form, prior to authorising payment to the supplier.

13. Contract Management

Whenever WDC awards a contract, a suitably skilled employee or authorised third party must be appointed to manage the contract. The person identified to manage the contract is responsible for ensuring that what has been agreed in the contract is delivered, on time, to the appropriate quality standards, and within the agreed price. It requires the employee to actively track and monitor delivery and costs, manage risks and manage the supplier relationship throughout the contract.

14. Corporate Purchasing Card Policy

Where it is established that there is a regular requirement to purchase items for a cost centre to carry out their normal functions, WDC should consider arranging a preferred supplier contract. For more information regards eligibility, use, and reconciliation of expenditure please refer to the Credit Card Policy and Fuel Card Policy (or similar Policy) and Procurement Card Guide.

15. Conflicts of Interest

Conflicts of interest are circumstances where the exercise of an employee's duties or responsibilities to WDC with regards to their dealings with suppliers, could be, or might be perceived to be, influenced by some other interest that the employee may have. The other interest might exist because of:

- the employee's own financial affairs;
- a relationship or other role that the employee has (or has had); or
- something that the employee has said or done.

Employees and/or authorised third parties who believe they may have a potential conflict must disclose the potential conflict to the appropriate person(s) in a timely manner. For more information on identifying and managing conflicts of interest, employees should refer to WDC's Conflicts of Interest and Declarations Policy (or similar Policy).

16. Confidentiality

WDC is committed to fair and ethical business practices that encourage competition and enhances our supplier relationships. A cornerstone of this Policy is maintaining the confidentiality of all supplier proposals, quotations, prices, contracts and other proprietary materials by all employees and authorised third parties. Confidential information is not to be disclosed in any way to other suppliers, outside organisations, or to any unauthorised persons, subject to the provisions of LGOIMA (Local Government Official Information and Meetings Act, 1987) and the Disclosure of Contract Award Details below.

Disclosure of confidential information is not only professionally unethical and damaging to WDC's negotiations with suppliers, it also exposes WDC to possible reputational risk or legal action.

Disclosure of Contract Award Details

Subject to the NZTA Procurement Manual, any specific obligations pursuant to other 3rd party funding requirements or any other agreement, where a contract* has been awarded to a supplier **and** the total value of the procurement is greater than \$150,000 + GST, the following details may be publicly released:

- a. The name and price of the successful supplier; and
- b. The range of scores (if a closed or open tender process is utilised to select a supplier **and** three or more conforming tenders were received); and
- c. the price range of quotes received (if the quote method is utilised to select a supplier); or
- d. the range of tender prices (if a closed or open tender process is utilised to select a supplier); and
- e. the number of quotes sought and received; or
- f. the number of conforming tenders received; and

g. contract term.

If you have any questions about any request to provide information concerning contracts, pricing, supplier proposals or other internal information, please discuss with your Manager in the first instance.

*This does not include contracts awarded pursuant to 3rd party funding arrangements or recovery plans following an emergency event.

17. Monitoring of compliance with this Policy

The prime responsibility for the on-going monitoring of compliance with this Policy rests with the General Manager – Business Support. When there is evidence of a breach of this Policy, WDC will investigate to determine the circumstances and extent of the breach.

18. Breaches of Policy

Any breaches of this Policy must be notified to the relevant WDC Manager and appropriate WDC personnel will manage the incident and take action (which may include escalation).

19. Related Policies

All related policies can be found in the Relevant Policies and Legislation Guide.

20. Further information

For further information please contact the Procurement Officer.

4.0 DEFINITIONS

Definition	Detail
Approved Contract Sum	is the sum total, exclusive of GST, of any individual agreement, purchase requisition, purchase order, disbursement, payment authorisation certificate, or payment made to a Supplier over the full term of the contract, including rights of renewal.
Approved Supplier	is a supplier set up and approved for use in WDC's financial system.
Confidentiality Agreement	This is the Agreement between the parties and their employees to keep confidential all information pertaining to the Agreement, except where required to divulge by law.
Conflict of Interest	There is a conflict of interest where an employee or an elected member's duties or responsibilities to WDC could be affected, or perceived to be, by some other interest or duty that an employee or an elected member may have.
Contingency	An amount allowed for in the Approved Contract Sum to take into account either foreseen but unquantifiable requirements or unforeseen circumstances. Sum of money to be spent only as a Variation or site instruction on approval by WDC.
Contract	as used in this Policy shall mean any and all contracts, agreements, memoranda of understanding (or agreement), letters of agreement, or any other document which purports to be binding upon WDC as generally defined in the Contracts Enforcement Act 1975 - Including any subsequent extensions, renewals, or modifications to a Contract.
Delegated Authority	The person with the authority to approve the total Contract commitment over its entire term. The entire term includes the initial term plus any renewal periods contemplated at the commencement of the contract. Delegated Authority is completed by signature or electronic signoff within WDC's finance systems. All non-electronic signatures must be accompanied by the printed name, position of the Delegated Authority as well as the date of signatory.
Direct Appointment	is a supplier selection method that involves the negotiation of a contract with a single Supplier.
Invited RFx (or Closed Tender)	Limited numbers of Tenderers' are invited to submit a tender without public advertisement of Contract. Where the value of the contract is <\$150,000.00, selected Suppliers who satisfy the required criteria are invited to put forward a submission. It is recommended a minimum of three (3) Suppliers should be invited.
LGOIMA	The Local Government Official Information and Meetings Act, 1987 to which the WDC must adhere.
NZTA	New Zealand Transport Authority
P-Card / Procurement Card	Purchasing Card. A WDC credit card or fuel card used by certain positions as required. Purchases for goods and services which are approved by Financial Delegated Authority.
Preferred Supplier	are suppliers that have been put in place with a formal Contract for the supply of a category of goods, services or works for a period of time (i.e. Supplier Panel Agreement). This is not a guarantee of work to the supplier.
Procurement Exemption	is the exemption required to be signed authorising the continuation with the procurement activity outside of the Procurement Policy.
Procurement Plan	is the detailed plan outlining how the procurement activity will be carried out.
Procurement Policy	is the Policy which provides guidance on how procurement activity is conducted.
Purchase Order	Legal document for purchase of goods, services or works issued from WDC following approval by the relevant Delegated Financial Authority. Terms and conditions are governed by WDC's Purchase Order terms and conditions.
Public RFx (or Open Tender)	A publically advertised RFx (Request for Quotation, Request for Expression of Interest, Request for Proposal or Request for Tender) that any party may respond to.
RFx	A generic abbreviation that covers all 'Request for' "processes" (Request for Quotation, Request for Expression of Interest, Request for Proposal or Request for Tender). Specifies what WDC wishes to purchase, the terms and conditions plus instructions on how to bid and respond.
Supplier	The person or organisation responsible for the supply of goods, services or works as required to WDC. Also known as vendor, contractor, consultant or service provider.
Syndicated Procurement Contract	Syndicated procurement is when a Government agency or Local Body contracts with a Supplier on behalf of other entities. This can lead to economy of scale advantages for WDC.
Variation	written changes to the scope, price or term of a Contract.

5.0 THE WDC PROCUREMENT FRAMEWORKS

The procurement frameworks have been developed to accommodate the different levels and complexity of spend within WDC's portfolio. They have been 'sized' to enable the most efficient process to be undertaken having considered the cost and risk associated with the procurement.

After ensuring that the spend is necessary, yet prior to choosing the methodology, it is important to determine whether there are acceptable AOG, Regional or Syndicated contracts available that should be used rather than undertaking a local process.

If it has been determined that the process is to be managed locally then the decision has to be made on which of the three processes should be used*:

Value under \$150,000 & Low or Medium Risk

Procurement under \$150,000 and considered low risk – procurement requirements:

<ul style="list-style-type: none"> - Up to \$15,000; AND - (low value, low risk) 	<ul style="list-style-type: none"> A. ONE written quote; AND B. Consideration of local procurement options; AND C. One-up approval in writing + PIF.
<ul style="list-style-type: none"> - Over \$15,000 up to Financial Delegation Register Limit*; AND - (low value, low risk) - (*exception GM-IS capex \$100k) 	<ul style="list-style-type: none"> A. At least THREE quotes (unless a valid reason for not doing so exists and has been approved by General Manager); AND B. Consideration of local procurement options; AND C. A General Manager approval (PAF), documented through agreed process.
<ul style="list-style-type: none"> - Over Financial Delegation Register Limit and up to \$150,000; AND - (low-med value/low-med risk) 	<ul style="list-style-type: none"> B. At least THREE quotes (unless a valid reason for not doing so exists and has been approved by General Manager); AND C. Consideration of local procurement options; AND D. Business Paper + PAF to the Tenders Subcommittee for approval.

Note: Consideration of any local procurement must be documented in the Magiq - Purchase Order system, approval documentation, Business Paper and/or Procurement Plan.

Value between \$150,000 and \$250,000 & Low or Medium Risk

Procurement between \$150,000 and \$250,000 and considered either low or medium risk – procurement requirements:

<ul style="list-style-type: none"> - Over \$150,000; AND - Up to \$250,000; AND - (low-medium value/low-med risk) 	<ul style="list-style-type: none"> A. Procurement Plan (Lite); AND B. Business Paper to Tenders Subcommittee for evaluation report approval.
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Invited RFx (**Closed Tender**) process is to be used as approved in a Procurement Plan by the Chief Executive. On certain occasions there may be a requirement for direct appointment, in which case a Procurement Exemption would be sought as part of the process and approved by Tenders Subcommittee.

Value over \$250,000 & Low or Medium Risk or all High Risk

Procurement over \$250,000 and considered either low, medium or high risk, or any high-risk procurement, regardless of dollar value – procurement requirements:

<ul style="list-style-type: none"> - Over \$250,000; OR - (high value/high risk) 	<ul style="list-style-type: none"> A. Procurement Plan (Full); AND B. Business Paper to Tenders Subcommittee for evaluation report approval.
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*Increased Value Thresholds effective from 1 May 2021.

Public RFx (Open Tender) process should be used and approved in a Procurement Plan by the Chief Executive.

On certain occasions there may be the requirement to directly appointment a supplier, in which case a Procurement Exemption would be sought as part of the process from Tenders Subcommittee.

Note: These are the minimum requirements pertaining to undertaking procurement activity, for example, more suppliers than the minimum can participate.

When considering the right procurement framework to use, the cost of the procurement should equate to the total spend and cover the life of the contract.

For example:

- if a building project is being undertaken the spend across all disciplines should be aggregated to assess the spend level, not by individual discipline, although the resulting procurement strategy may determine that the go to market strategy is by discipline.
- if it is a maintenance contract, spend over the life of the maintenance agreement should be aggregated to assess the spend level.
- if Supplier Panels are being developed, the total spend for the category should be considered regardless of whether it is likely to be split across multiple suppliers.

Below are flowcharts, checklists and step-by-step guides for:

- determining whether to use an AOG, Regional, Syndicated or local process; and
- the process for each spend threshold.

Note: The most effective local processes have been highlighted in green and the decision points in red.

Procurement where Council agrees to participate in 3rd Party Funding Arrangements

Due to a change in government delivery channels for partnership type funding, 3rd party funding arrangements may be presented to Council from time to time, in order to undertake and complete projects within the community and Waitomo area.

Procurement Policy applies unless amended

Unless otherwise specified in this Policy or in accordance with any Council resolution, the procurement rules, processes, value thresholds and requirements described in this Procurement Policy will apply to all procurements required under a 3rd party funding arrangement (and in addition to any new obligations for accountability imposed under the funding agreement).

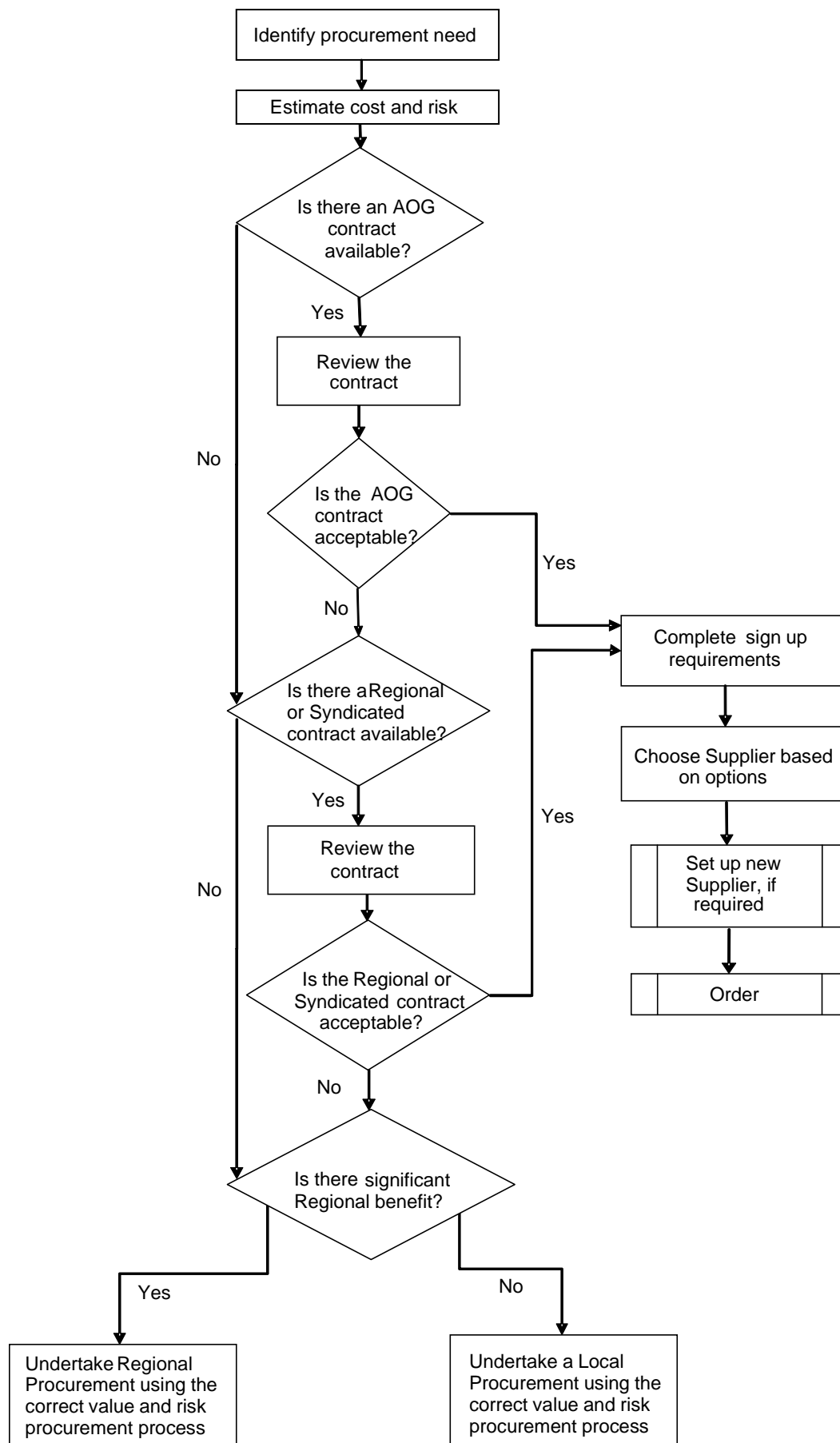
Temporary amendments to the Procurement Policy are possible

Due to additional obligations imposed on Council pursuant to some funding agreements, such as tight completion timeframes, temporary amendments to the use of the Procurement Policy and rules may need to be made (in respect of a specific project only), in order to achieve the outcomes. Any temporary amendment to this Policy will require a Council resolution.

Third Party Funding Agreements

Third party funding agreements typically place greater obligations for accountability and additional responsibilities on the recipient of the funding, and a thorough review of the terms and conditions of any funding agreement are mandatory prior to confirming any commitment to the funding, and subsequent procurement activities.

DETERMINING WHETHER TO USE AN AOG, REGIONAL OR LOCAL PROCESS



DETERMINING WHETHER TO USE AN AOG, REGIONAL OR LOCAL PROCESS- STEP BY STEP GUIDE

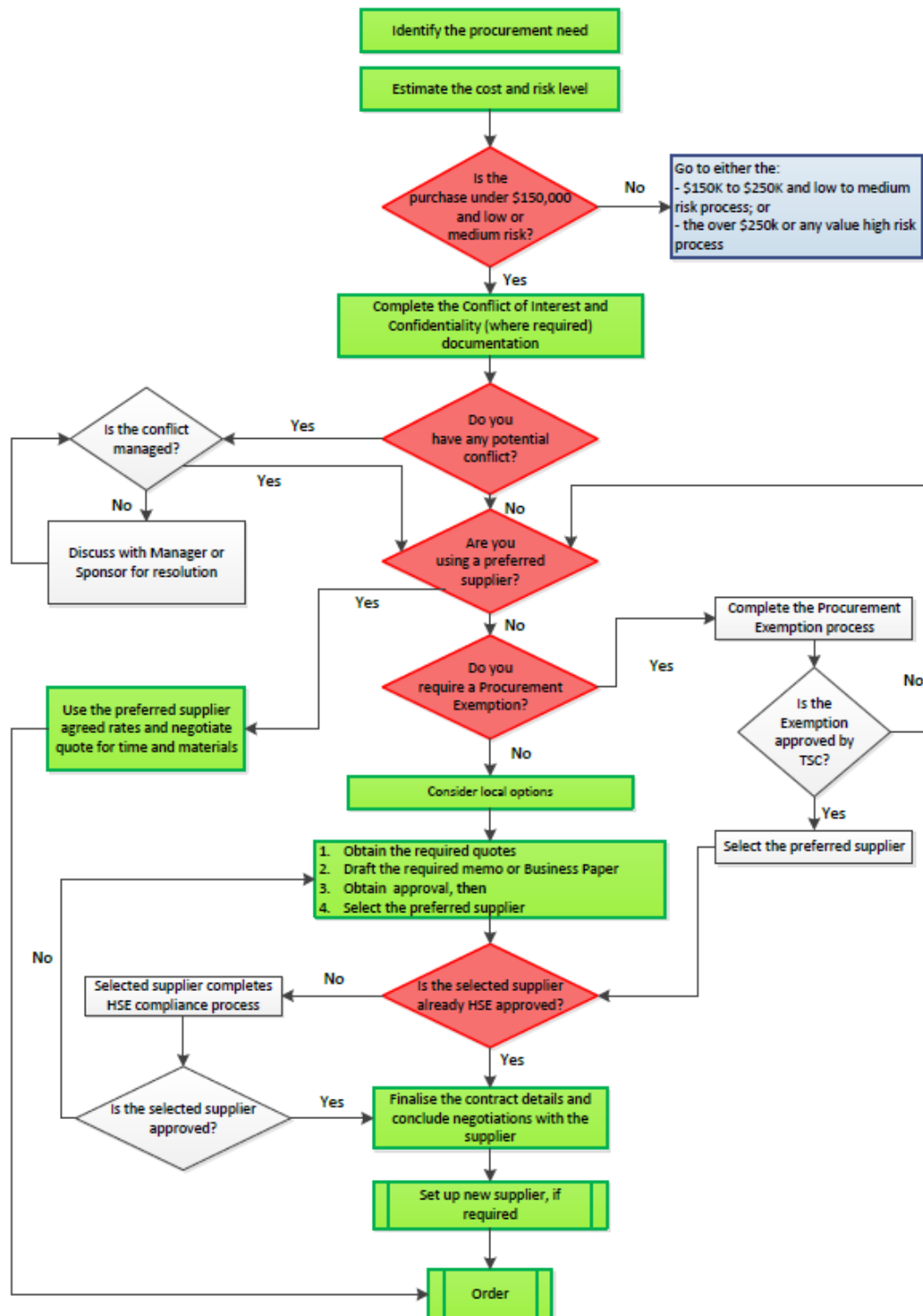
Step	Description	Guiding Information
1.	Procurement Need	Prior to undertaking any procurement, the need for procurement should be established. To ensure that the correct goods, services and/or works are received by WDC, it is important to understand what is required. These requirements need to be clearly articulated with the suppliers to enable them to effectively offer goods, services and/or works. Upon completion of the procurement process these must be recorded in the contract or on the requisition.
2.	Estimate Cost and Risk	Once the need is clearly defined, the person leading the process needs to estimate the cost and risk. The cost should be the full cost of the procurement as defined in the Procurement Policy, and the risk needs to be considered in line with WDC risk thresholds. This will then provide guidance as to the correct procurement process to follow.
3.	AOG Contracts	Is there an All of Government (AOG) contract available for use? If there is then this should be reviewed to determine if it provides the goods, services and/or works required. If it does then this method should be utilised. If it does not, then go to Step 6.
4.	AOG Sign Up	Request the documentation required to sign up to the AOG contract, if it is unclear on where to get the documentation or how to fill the information in then contact either your local or regional procurement expert or the MBIE Procurement team for guidance. Once completed submit all of the information.
5.	AOG Supplier Selection	Upon inclusion into the AOG contract, if there is a choice of supplier, assess the most suitable provider, ensure that they meet the HSE requirements for the Council, and go to step 10. *Note: approval of these contracts is required by the CEO.
6.	Regional / Syndicated Contracts	If there is no AOG contract, identify whether there is a Regional or Syndicated Contract, if there is then assess that it meets the requirements of the procurement, if it does, utilise the Contract if not, go to step 9.
7.	Regional / Syndicated Contracts Sign Up	Request to join the contract with the contract owner. This will be either Waikato LASS or one of the other Councils in the region. They will vary the contract to allow for your inclusion. Discuss and agree your requirements with the Supplier, go to step 10. *Note: approval of these contracts is required by the CEO.
8.	Regional or Syndicated Benefit Realisation	If there is no Regional or Syndicated Contract, assess whether it would be beneficial to set one up. Review this with the other council's procurement leads. If there is agreement by all or a significant proportion of the Councils then agree who will lead the process, select the appropriate procurement process based on threshold and risk detailed within the frameworks and execute.
9.	Local Procurement	If there is no appetite or need for a Regional Contract, undertake a local procurement process. Utilise the methodology for choosing the correct procurement process based on threshold and risk detailed within the frameworks and follow the appropriate procurement process.
10.	Supplier Set Up	If the chosen Supplier is a new supplier, <u>after</u> they have met the HSE requirements of the Council, ensure that they are set up on the system. Once this is completed or if they are already on the system go to Step 11.
11.	Order	Award the contract and/or provide a Purchase Order detailing the goods, services and/or works to be supplied. Inform the unsuccessful suppliers and provide the opportunity for feedback, if required. Ensure all Procurement information is correctly filed.

PROCUREMENT CHECKLIST

Checklist to ensure all required information has been completed (NB: green boxes are required and the red are not):

Required Documents / steps	Under \$150k & Low/Medium Risk	\$150k - \$250k & Low/Medium Risk	\$250k+ & Low/ Med. Risk or any High Risk
Estimate of total cost for life of the agreement			
Market & supplier analysis			
Local Procurement consideration			
Risk review			
Conflict of Interest forms			
Confidentiality forms			
Procurement Plan	(Unless required)		
Scope			
Procurement Exemption			
Quote/ approval form			
Procurement timetable			
Draft contract			
Evaluation guidelines			
Evaluation scoring sheet			
Negotiation strategy			
RFx documents			
Evaluation documents			
Notes to tenderers template			
Bid receipt form			
Evaluation report to TSC (stage 1 and 2)			
Recommendation / Approval form(s)			
HSE confirmation			
Supplier insurance information			
Final contract			
Letters to unsuccessful tenderers			
Supplier details for new supplier set up			
Purchase Order			
Contract management plan			
Escalation process			
Contract variation form			
Conflict of Interest resolution plan			
Preferred supplier agreements			
Legal contract review	(if required)		
Transition plan			
KPI review meeting agenda			
Annual review meeting agenda			
Termination letter			

PROCUREMENT UNDER \$150,000 & LOW OR MEDIUM RISK

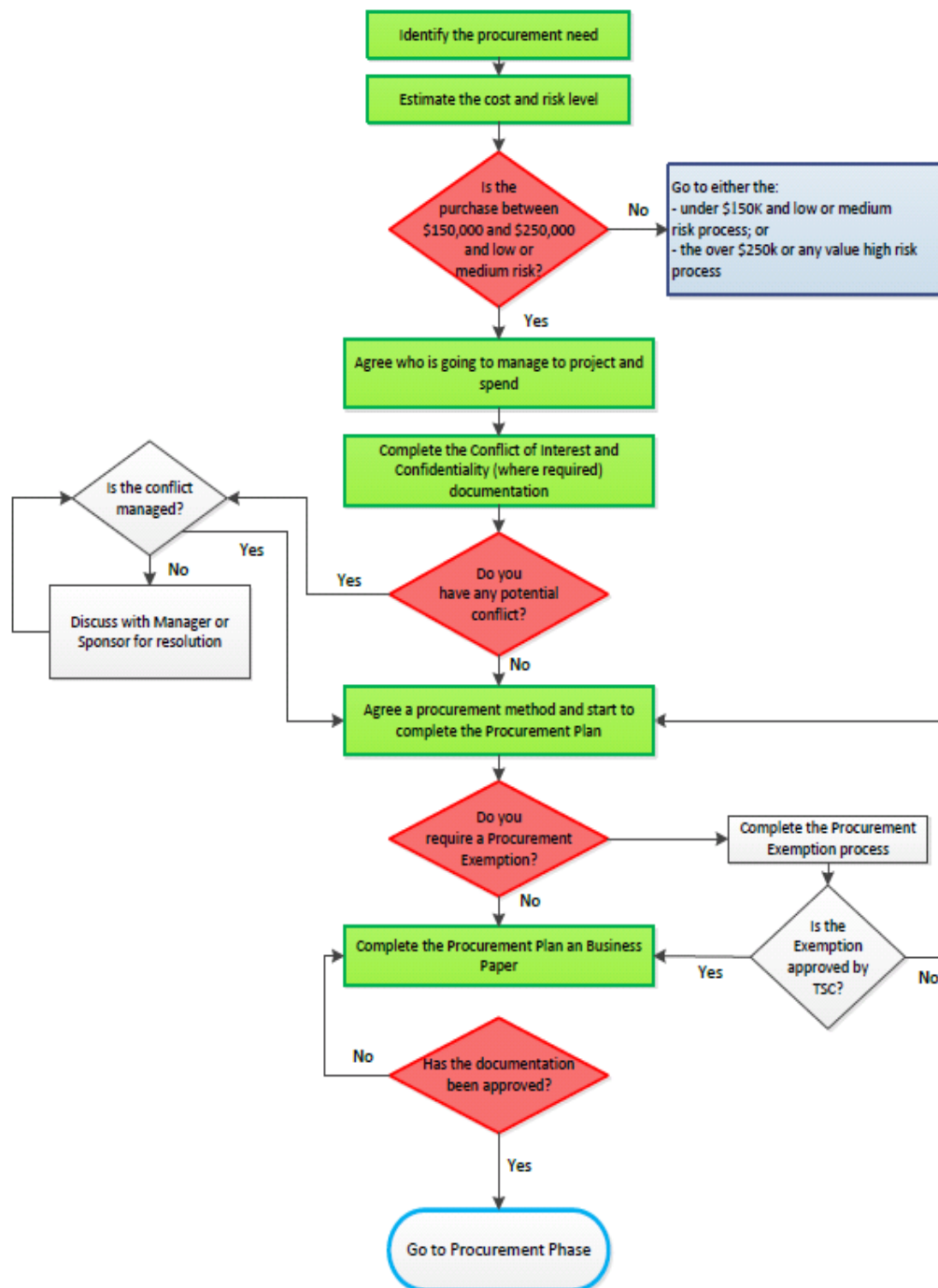


PROCUREMENT UNDER \$150,000 & LOW OR MEDIUM RISK STEP BY STEP GUIDE

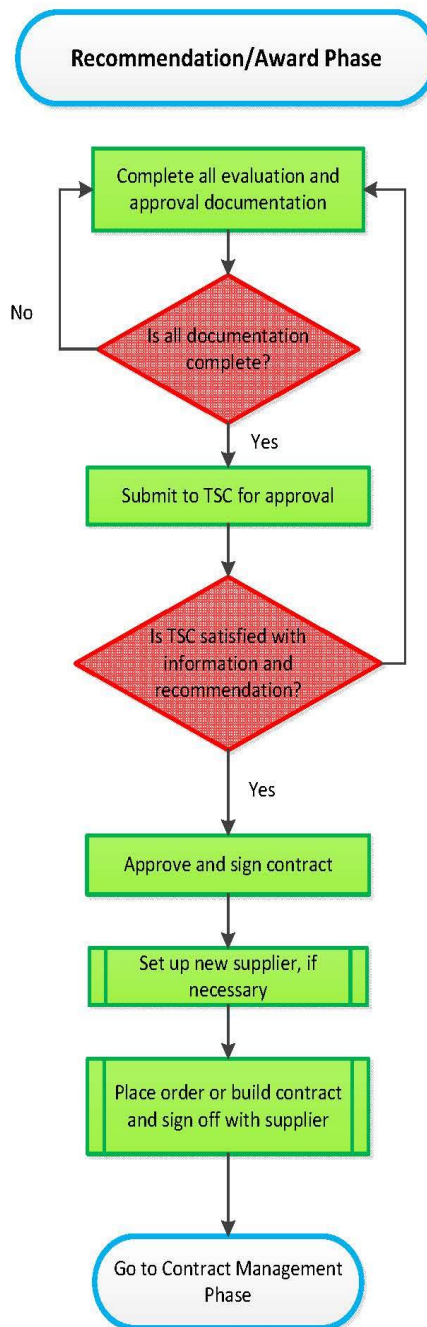
Step	Description	Guiding Information
1.	Procurement Need	Prior to undertaking any procurement, the need for procurement should be established. To ensure that the correct goods, services and/or works are received by WDC, it is important to understand what is required. These requirements need to be clearly articulated with the suppliers to enable them to effectively offer goods, services and/or works. Upon completion of the procurement process these must be recorded in the contract or on the requisition.
2.	Estimate Cost and Risk	Once the need is clearly defined, the person leading the process needs to estimate the cost and risk. The cost should be the full cost of the procurement as defined in the Procurement Policy, and the risk needs to be considered in line with WDC risk thresholds. This will then provide guidance as to the correct procurement process to follow.
3.	Correct threshold	Ensure that the total value is below \$150,000 and either a low or medium risk, if it is not then go to either the \$150,000 to \$250,000 and low or medium risk step by step guide or the over \$250,000 and low or medium risk or any spend which is high risk step by step guide.
4.	Conflict of Interest and Confidentiality	Complete the WDC Conflicts of Interest and Confidentiality template(s). If there is no conflict of interest, go to step 6.
5.	Conflict of Interest resolution	If there is a Conflict of Interest, discuss this with your Line Manager or the Delegated Authority / Sponsor for this spend and agree a plan for managing the Conflict. NB: this may include removal of the individual from the procurement process if it could materially impact the outcome or produce a potential conflict for the individual or any supplier(s) involved.
6.	Preferred Suppliers	Are you using Preferred Suppliers? (Preferred Suppliers are defined in the Procurement Policy Glossary of Terms). If you are, go to step 7, if you are not using a Preferred Suppliers, go to step 9.
7.	Using Preferred Suppliers	Ensure that the Preferred Suppliers are contracted to perform the services. Undertake the works or supply the goods that you require, if they are not go, to step 9.
8.	Time and Materials Supplier rates	The Preferred Supplier rates may already be established if they are then get the supplier to provide time and materials quotes so that you can assess the total cost, if the rates are not already provided get the supplier to provide these as well. Ensure that the supplier is prepared to carry out the work under their existing contract if they are go to step 19, if they are not, go to step 9.
9.	Procurement Exemption	If you are not going to comply with the Procurement Policy requirements for this level of spend, complete a Procurement Exemption form. If you are complying with Procurement Policy, go to step 13. NB: this is designed to support the rationale for going outside of the general procurement process and where there is legitimacy to this the procurement exemption provide support to the procurer.
10.	Procurement Exemption Sign Off	Once the Procurement Exemption is complete it needs to be assessed and signed off by the Tender Subcommittee.
11.	Exemption approval	If the procurement exemption is approved, go to step 13. If the procurement exemption is not approved go back to step 6 and reassess the suppliers to be engaged.
12.	Local Procurement Options	Consider utilising local procurement options in accordance with the Government Procurement Charter, ensuring to document those considerations in the procurement documentation i.e. Purchase Order notes, approval documentation, Business Paper or Procurement Plan.
13.	Quoting process	For spend under \$150,000 it is likely that a quoting process will be utilised, ensure that you request the required number of quotes in line with the Procurement Policy. If you are not going to request the required number of quotes, go to step 9, unless you have an approved Procurement Exemption. Ensure that you have clearly articulated what you require so that all of the suppliers have adequate information to provide you with a full quote. It is preferable that the quotes are requested in writing, however if these are requested verbally ensure that the responses are in writing or that you have documented these and that they are clearly detailed in the Purchase Order.
14.	Receiving quotes	Ensure that you have received a response to all of the requested quotes before you make a final decision, evaluate the responses, make a decision, get the required approval and, go to step 15.
15.	HSE	At the time of requesting quotes, it is essential to establish whether the supplier(s) are HSE approved, if they are, go to step 17.
16.	HSE approval process	If the supplier(s) are not HSE approved outline the requirements to be approved to the supplier. If required, utilise the HSE team / expert to provide assistance in explaining the requirements to the supplier(s). It is acceptable to allow them to quote and undertake the full HSE approval process if they are successful, but this <u>must</u> be completed prior to the award of the contract or the raising of the Purchase Order.

Step	Description	Guiding Information
		If the supplier will not undertake the HSE approval process or does not gain approval, then go back to step 13 if you have other quotes you can consider or, step 6 if you have no other quotes to consider.
17.	Finalising Arrangements	Complete the final commercial negotiations. Include any final technical negotiations in this process and ensure that HSE approval has been attained and any Insurance Certificates required have been received.
18.	Supplier Set Up	If the chosen Supplier is a new supplier, <u>after</u> they have met the HSE requirements of WDC, ensure that they are set up on the system. Once this is completed or if they are already on the system go to Step 19.
19.	Order	<p>Award the contract and/or provide a Purchase Order detailing the services to be provided, the works to be undertaken and/or the goods to be supplied.</p> <p>NB: No work should commence before the contract is signed or Purchase Order sent or before the Insurance and HSE requirements are completed.</p> <p>Inform the unsuccessful suppliers and provide the opportunity for feedback, if required.</p> <p>Ensure all Procurement information, including quotes received and approvals obtained, are correctly recorded and filed electronically.</p>

PROCUREMENT BETWEEN \$150,000 AND \$250,000 & LOW OR MEDIUM RISK

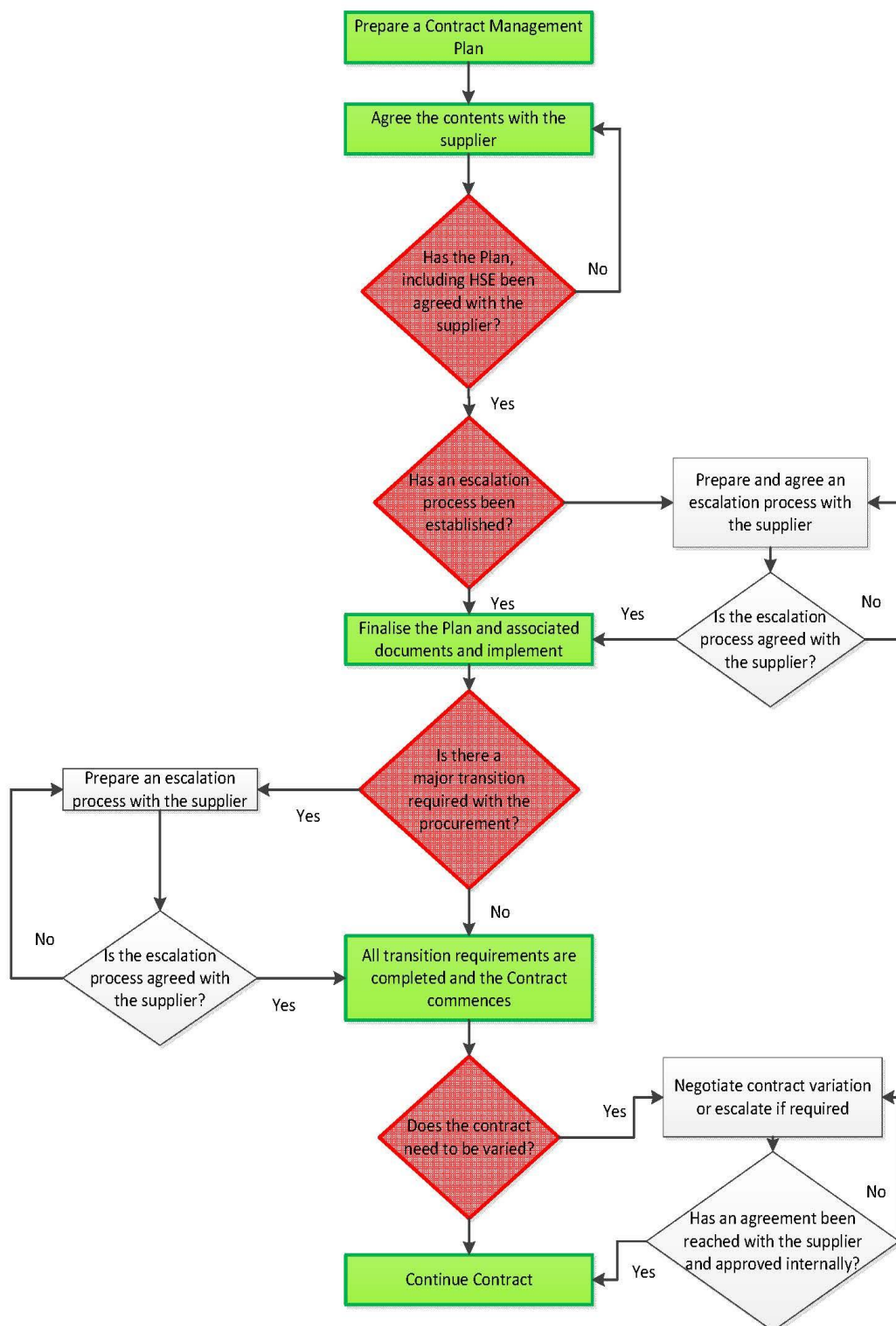






Procurement Policy 2020

Contract Management Phase



PROCUREMENT BETWEEN \$150,000 AND \$250,000 & LOW OR MEDIUM RISK

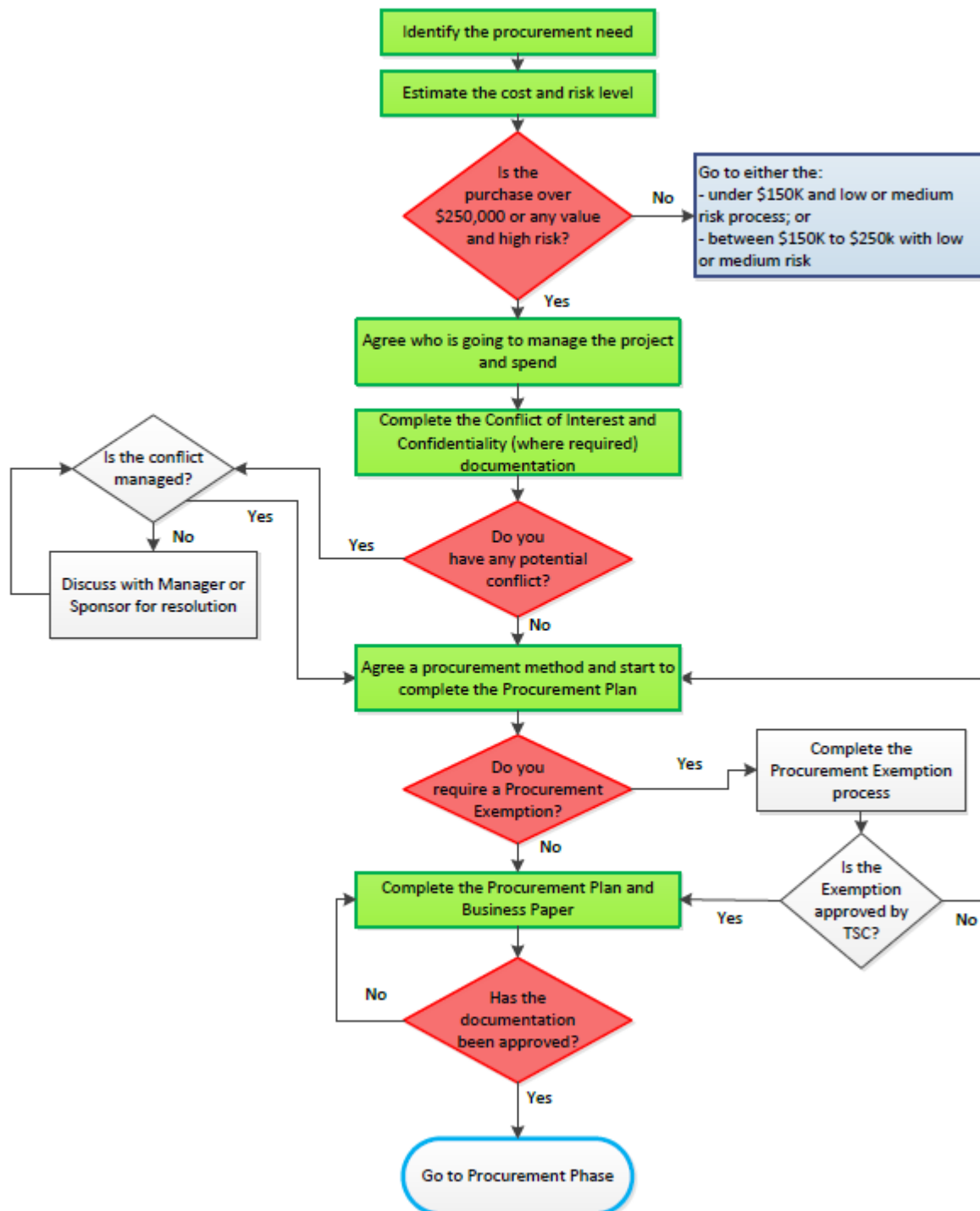
STEP BY STEP GUIDE

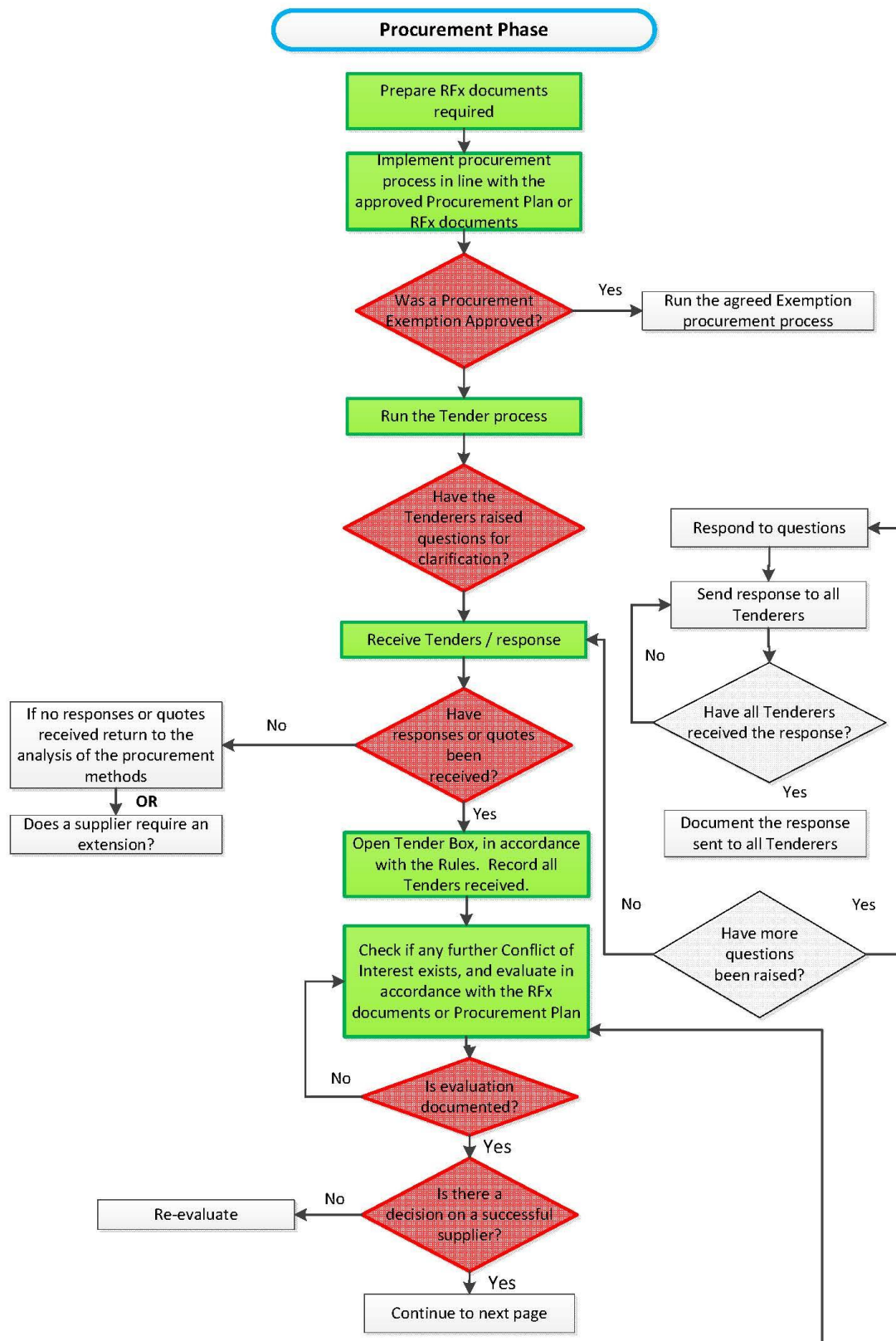
Step	Description	Guiding Information
1.	Procurement Need	Prior to undertaking any procurement, the need for procurement should be established. To ensure that the correct goods, services and/or works are received by WDC, it is important to understand what is required. These requirements need to be clearly articulated with the suppliers to enable them to effectively offer goods, services and/or works. Upon completion of the procurement process these must be recorded in the contract or on the requisition.
2.	Estimate Cost and Risk	Once the need is clearly defined, the person leading the process needs to estimate the cost and risk. The cost should be the full cost of the procurement as defined in the Procurement Policy, and the risk needs to be considered in line with WDC risk thresholds. This will then provide guidance as to the correct procurement process to follow.
3.	Correct Threshold	Ensure that the total value is between \$150,000 and \$250,000 and either a low or medium risk, if it is not then go to either the below \$50,000 and low or medium risk step by step guide or the over \$250,000 and low or medium risk or any spend which is high risk step by step guide.
4.	Procurement Lead	Establish who is going to lead the Procurement process and be responsible for completing all of the procurement documentation
5.	Conflict of Interest and Confidentiality	Complete WDC's Conflicts of Interest and Confidentiality template(s). If there is no conflict of interest, go to step 7.
6.	Conflict of Interest resolution	If there is a Conflict of Interest, discuss this with your Manager or the Delegated Authority / Sponsor for this spend and agree a plan for managing the Conflict. NB: this may include removal of the individual from the procurement process if it could materially impact the outcome or produce a potential conflict for the individual or any supplier(s) involved.
7.	Procurement Methodology	For spend between \$150,000 and \$250,000 you may decide to utilise a quoting process or an RFx process, ensure that you receive the required number of quotes or bids in line with the Procurement Policy. If you are not going to receive the required number of quotes or intend to use an invited RFx process you will need to complete a Procurement Exemption as part of this process. Ensure that you have clearly articulated what you require so that all of the suppliers have adequate information to provide you with a full quote. It is preferable that the quotes are requested in writing, however if these are requested verbally ensure that the responses are in writing or that you have these documented and clearly detailed in the Purchase Order.
8.	Procurement Plan	If there is a Business Case or Project Plan that covers all the required procurement applicable to this level of spend in the Procurement Plan then this can be substituted for the Procurement Plan (for clarity comply with all sections relating to Procurement Plan using your alternate document). Otherwise complete the Procurement Plan sections applicable to this threshold of spend in the Procurement Plan, to assist a suite of tools have been developed in WDC procurement templates.
9.	Preferred Suppliers	Are you using Preferred Suppliers? (Preferred Suppliers are as defined in the Procurement Policy Glossary of Terms). If you are, go to step 10, if you are not using a Preferred Suppliers, go to step 12.
10.	Using Preferred Suppliers	Ensure that the Preferred Suppliers are contracted to perform the services. Undertake the works or supply the goods that you require, if they are not go, to step 12.
11.	Time and Materials Supplier rates	The Preferred Supplier rates may already be established if they are the get the supplier to provide time and materials quotes so that you can assess the total cost, if the rates are not already provided get the supplier to provide these as well. Ensure that the supplier is prepared to carry out the work under their existing contract if they are go to step 31, if they are not, go to step 12.
12.	Procurement Exemption	If you are not going to comply with Procurement requirements for this level of spend or if you intend to use an invited tender process complete a Procurement Exemption form. If you are complying with the Procurement Policy, go to step 15. NB: this is designed to support the rationale for going outside of the general procurement process and where there is legitimacy to this the procurement exemption provide support to the procurer.
13.	Procurement Exemption Sign Off	Once the Procurement Exemption is complete it needs to be assessed and signed off by the Tenders Subcommittee.
14.	Procurement Exemption Approval	If the Procurement Exemption is approved, go to step 15. If the Procurement Exemption is not approved, go back to step 7 and reassess the suppliers to be engaged.
15.	Procurement Plan Approval	Upon completion of the Procurement Plan this should be approved by the Tenders Subcommittee.
16.	Build Procurement Documents	Depending on whether a quoting or an RFx process is being utilised, build the appropriate documents to enable you to go to market for either quotes or formal responses. Ensure that you build in sufficient negotiation time and flexibility. This should also include providing a draft contract where appropriate, requested changes can then be marked up by the supplier as part of their submission. (NB: It is often good to add this in as a weighted criterion in the evaluation, especially as this can minimise their requested changes to those which are material).
17.	Build Evaluation Documents	Prior to going to market it is important to develop and sign off the evaluation criteria and methodology, what the weightings are and the panel who will be evaluating the responses (this should include both technical and commercial reviews).
18.	Go To Market	Once all the documents have been completed (and if required, signed off). The Procurement Lead should go to market, this may be a direct process if a quoting methodology is used, or

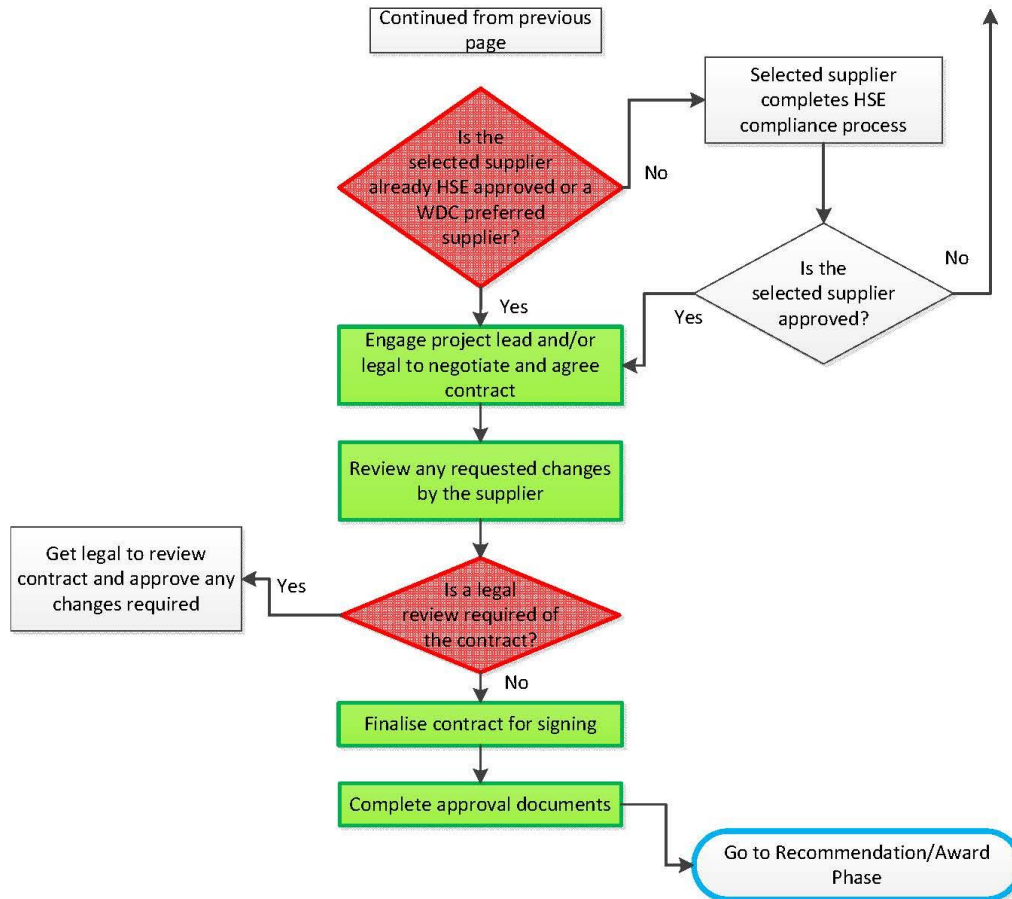
Step	Description	Guiding Information
		<p>an invited or an open tender process if an RFx process is being used. If an open process is being used it is important that you follow WDC requirements and use the correct system (TenderLink or GETS).</p> <p>Ensure that your process provides for an adequate amount of time for the suppliers to respond. This will ensure that you get the most complete and well developed responses from the suppliers.</p> <p>Ensure that you have clearly articulated how you want the documentation provided (paper, memory stick, electronically), where the information is to be sent to, the number of copies and any specific splits (such as non-commercial copies for technical only evaluators).</p> <p>Ensure that there is also a clear deadline for submissions, regardless of whether you run a quoting or RFx process so that all suppliers are working to the same rules and timelines.</p>
19.	Quote or RFx Questions	<p>If any supplier seeks clarification on anything to do with the Procurement Documents, the question and response should be shared with all other bidders in writing.</p> <p>The only exception to this is if the information requested by the supplier is of a personal nature to their bid / quote, the Procurement Lead should then decide whether this information should be kept proprietary or shared with all bidders and inform the supplier prior to answering the question. In the event the information would be shared the supplier should make a final decision on whether they want the question answered or whether they want to withdraw the question (this is likely if they feel it would have a detrimental impact on their bid / quote).</p>
20.	Bid Receipting	<p>All bids / quotes should be received by the deadline. Any supplier bid which is late must be approved by the person with delegated authority. WDC should only extend the deadline if there is a significant reason for allowing an extension of time (e.g. a significant change or addition to the scope).</p> <p>No bids / quotes should be opened prior to the deadline, if these are being received electronically, they should not be reviewed, however they can be printed ready for the deadline.</p> <p>All bids or quotes should be registered. If paper copies are provided / printed these should be initialled and witnessed at the time of opening and recorded on the bid opening sheet. If electronic copies are to be utilised these should be recorded on the bid opening sheet.</p>
21.	Evaluation	<p>The evaluation panel established in step 17, now undertake the evaluation subject to no further Conflicts of Interest being identified. Ensure that the right documentation is received by each evaluator (e.g. if they are undertaking a technical only evaluation do not provide the commercial documentation). Provide a timeline for the panel to feedback their evaluations.</p> <p>Upon completion of the individual evaluations the Procurement lead may bring the evaluation team together to go through the evaluations and collate the results with the team (this is useful if you want a deep understanding of their rationale, often used on technically complex or large scale tenders) or collate the results and feed back to the team (this is less time consuming and often used on straight forward tender processes).</p> <p>It is important that the evaluation team are on board with the final decision. Therefore, there should be an opportunity to challenge and review the results of the evaluation to ensure that the correct decision is being made.</p> <p>At this point all appropriate due diligence should also be undertaken as part of the evaluation process.</p>
22.	Evaluation Sign Off	<p>It is important that all of the evaluators sign off on the evaluation, process, results and final decision prior to proceeding. If this cannot be agreed the results should be escalated for a final decision.</p> <p>If there is a requirement for any other sign-off of the evaluation prior to proceeding, this should be undertaken at this stage i.e. Tenders Subcommittee (Stage 1 and 2).</p>
23.	Supplier Selection	<p>Advise the selected supplier of their selection and the intention to enter into formal negotiations, do not advise the other bidders of being unsuccessful at this stage as you still need to complete the negotiation process.</p>
24.	HSE	<p>At the time of requesting quotes, it is essential to establish whether the supplier(s) are HSE approved, if they are go to step 26.</p>
25.	HSE Approval Process	<p>If the supplier(s) are not HSE approved outline the requirements to be approved to the supplier. If required, utilise the HSE team / expert to provide assistance in explaining the requirements to the supplier(s).</p> <p>It is acceptable to allow them to bid or quote and undertake the full HSE approval process if they are successful, but this <u>must</u> be completed prior to the award of the contract or the raising of the Purchase Order.</p> <p>If the supplier will not undertake the HSE approval process or does not gain approval, then go back to step 21 if you have other quotes you can consider or, step 7 if you have no other quotes to consider.</p>
26.	Negotiation Preparation	<p>Identify the negotiating person or team.</p> <p>Review the tender documentation and establish the technical and commercial points of negotiation.</p> <p>Review the contract and identify any changes requested by the supplier.</p>
27.	Legal Team Review	<p>Where there are significant changes to contract ensure the Legal Team undertake a review of the changes.</p> <p>If you are unsure whether they are significant ask the Legal Team to advise.</p>
28.	Legal Team Sign Off	<p>If the Legal Team sign off the changes, go to step 29.</p> <p>If the Legal Team do not sign off the changes negotiate the terms in line with the Legal Team's guidance and, go to step 29.</p>

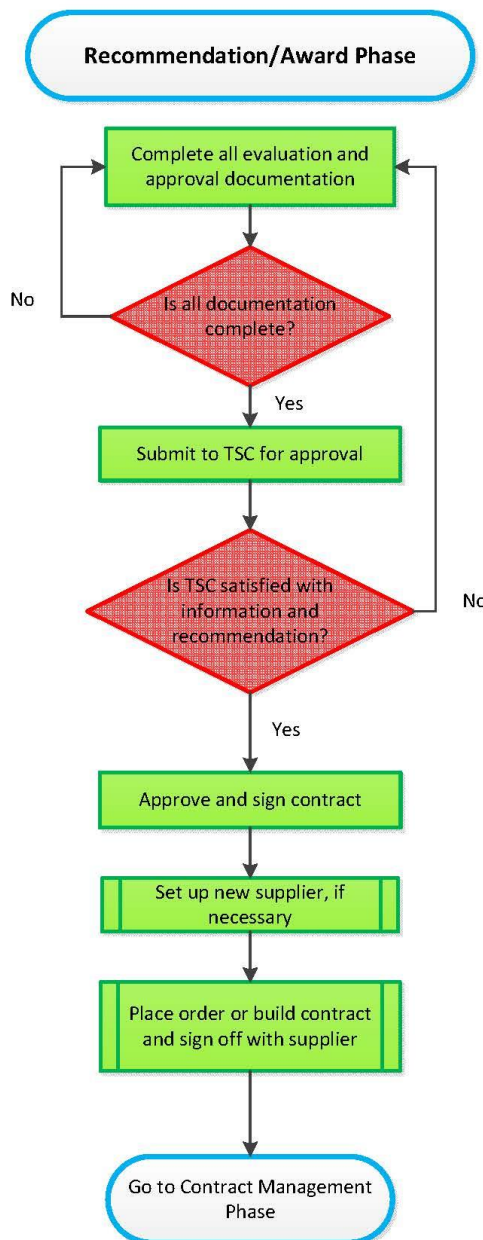
Step	Description	Guiding Information
		If all aspects of the contractual negotiations are not agreed escalate for resolution, if resolution is successful, go to step 29. If resolution cannot be reached, go to step 21 and reconsider the supplier to be selected.
29.	Commercial Negotiation	Complete the final commercial negotiations. Include any final technical negotiations in this process and ensure that HSE approval has been attained and any Insurance certificates required have been received. If all aspects are agreed by the parties, go to step 30. If all aspects are not agreed escalate for resolution, if resolution is successful, go to step 30. If resolution cannot be reached, go to step 21, and reconsider the supplier to be selected.
30.	Complete Recommendation to Award Documentation	Ensure all of the Procurement Plan, Evaluation and all Approval Documentation is completed and filed electronically.
31.	Approval process	Submit for final approval to the Delegate Authority holder or the designated person with the delegation provided to them.
32.	Final Approval	If approval is given, go to step 33. If approval is not given either: a. if additional approval information is required, go to step 30; b. if additional evaluation is required, go to step 21; c. if the process is to be run, go to step 7; or d. end the process and inform all Suppliers of the decision not to proceed.
33.	Supplier Set Up	If the chosen Supplier is a new supplier, <u>after</u> they have met the HSE and Insurance requirements of WDC, ensure that they are set up on the system. Once this is completed or if they are already on the system go to Step 34.
34.	Order	Award the contract and / or provide a Purchase Order detailing the services to be provided, the works to be undertaken and/or the goods to be supplied. NB: No work should commence before the contract is signed or Purchase Order sent or before the Insurance and HSE requirements are completed. Inform the unsuccessful suppliers and provide the opportunity for feedback, if required. Ensure all Procurement information is correctly recorded and filed.
35.	Contract / Supplier Management	Assess the need for on-going contract management and the level required, if there is no need for Contract / Supplier Management (e.g. one off purchase), go to Step 37.
36.	Contract / Supplier Management Framework	Agree the required Contract / Supplier Management with the supplier; this should include all documents, reports, meetings and HSE requirements to be produced or attended, their frequency and the owner.
37.	Escalation Process	Agree with the supplier an escalation process for both commercial and technical issues, and go to step 38, or if it has been established in step 35 that there is no need for Contract / Supplier Management (e.g. one off purchase), go to Step 39.
38.	Contract / Supplier Management Framework	Build the framework based on the agreed documentation in Step 36.
39.	Transition	Determine whether there is a transition plan required. If not, go to Step 42.
40.	Transition plan	Create a full transition plan with the supplier; this should take into consideration timeframes, operational issues / challenges associated with the change, resources and employee awareness requirements.
41.	Transition	Undertake transition and complete process.
42.	Contract Commencement	Commence contract on the agreed start date.
43.	Contract Variations	During the life of the contract, if the contract needs to be varied identify the variation required and negotiate / agree with the supplier.
44.	Variation approval	Seek approval to vary contract from the Delegated Authority budget holder. If agreed write variation to contract, sign off with supplier, get authorised WDC sign off, implement and file variation with the other procurement documentation. If not agreed, go to step 45 and continue the contract, or, step 37 to escalate.
45.	Continuance	Continue Contract in line with agreed Contractual Terms.

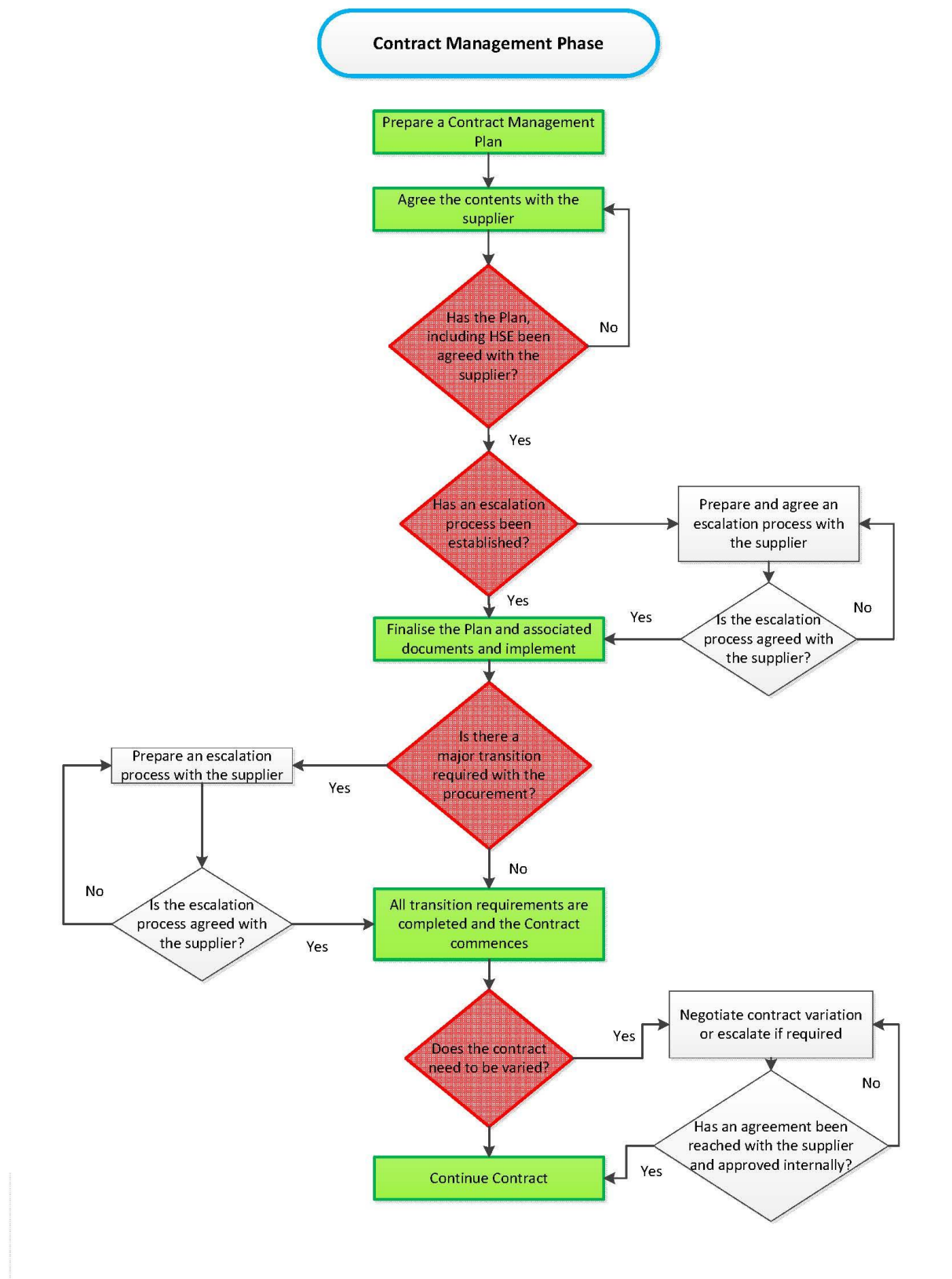
PROCUREMENT OVER \$250,000 & LOW OR MEDIUM RISK OR ANY VALUE WITH HIGH RISK











PROCUREMENT OVER \$250,000 & LOW OR MEDIUM RISK OR ANY VALUE WITH HIGH RISK STEP BY STEP GUIDE

Step	Description	Guiding Information
1.	Procurement Need	Prior to undertaking any procurement, the need for procurement should be established. To ensure that the correct goods, services and/or works are received by WDC, it is important to understand what is required. These requirements need to be clearly articulated with the suppliers to enable them to effectively offer goods, services and/or works. Upon completion of the procurement process these must be recorded in the contract or on the requisition.
2.	Estimate Cost and Risk	Once the need is clearly defined, the person leading the process needs to estimate the cost and risk. The cost should be the full cost of the procurement as defined in the Procurement Policy, and the risk needs to be considered in line with WDC risk thresholds. This will then provide guidance as to the correct procurement process to follow.
3.	Correct Threshold	Ensure that the total value is over \$250,000 and low or medium risk or any spend which is high risk, if it is not then go to either the below \$150,000 and low or medium risk step by step guide or \$150,000 to \$250,000 and low or medium risk step by step guide.
4.	Procurement Lead	Establish who is going to lead the Procurement process and be responsible for completing all of the procurement documentation
5.	Conflict of Interest and Confidentiality	Complete your WDC's Conflicts of Interest and Confidentiality template(s). If there is no conflict of interest, go to step 7.
6.	Conflict of Interest Resolution	If there is a Conflict of Interest, discuss this with your Line Manager or the Delegated Authority / Sponsor for this spend and agree a plan for managing the Conflict. NB: this may include removal of the individual from the procurement process if it could materially impact the outcome or produce a potential conflict for the individual or any supplier(s) involved.
7.	Procurement Methodology	For spend over \$150,000 or high risk you will be running an RFx process unless otherwise approved via a procurement exemption (NB an invited RFx process will require approval via an exemption), ensure that you receive the required number of bids in line with the Procurement Policy. If you are not going to receive the required number of quotes you will need to complete a Procurement Exemption as part of this process. Ensure that you have clearly articulated what you require so that all of the suppliers have adequate information to provide you with a full submission. Or provide them with the opportunity to develop a response based on their experience if you do not have clarity, detail or believe that they are best placed to provide this. Also consider whether you want to run a one or two stage process, if you expect a large amount of responses it may be preferable to run an EOI process ahead of the RFx to shortlist the tenderers to an acceptable level.
8.	Procurement Plan	If there is a Business Case or Project Plan that covers all the required procurement applicable to this level of spend in the Procurement Plan then this can be substituted for the Procurement Plan (for clarity comply with all sections relating to Procurement Plan using your alternate document). Otherwise complete the Procurement Plan sections applicable to this threshold of spend in the Procurement Plan, to assist a suite of tools have been developed in the WDC Procurement Toolkit.
9.	Procurement Exemption	If you are not going to comply with Procurement Policy requirements for this level of spend or if you intend to use an invited tender process complete a Procurement Exemption form. If you are complying with Procurement Policy, go to step 15. NB: this is designed to support the rationale for going outside of the general procurement process and where there is legitimacy to this the procurement exemption provide support to the procurer.
10.	Procurement Exemption Sign Off	Once the Procurement Exemption is complete it needs to be assessed and signed off by the Tenders Subcommittee.
11.	Procurement Exemption Approval	If the Procurement Exemption is approved, go to step 12. If the Procurement Exemption is not approved, go back to step 7 and reassess the suppliers to be engaged.
12.	Procurement Plan Approval	Upon completion of the Procurement Plan this should be approved by the Tenders Subcommittee.
13.	Build Procurement Documents	Depending on whether a quoting or an RFx process is being utilised, build the appropriate documents to enable you to go to market for either quotes or formal responses. Ensure that you build in sufficient negotiation time and flexibility. This should also include providing a draft contract where appropriate, requested changes can then be marked up by the supplier as part of their submission. (NB: It is often good to add this in as a weighted criterion in the evaluation, especially as this can minimise their requested changes to those which are material).
14.	Procurement Document Review	Prior to going to market it is advisable to get an independent review of the documents. This does not need to be an external review, but by ensuring that somebody with knowledge who has not been involved putting the tender documents together reviews the documents enables you to have an impartial view on them and identify any gaps or issues that the supplier may face before they arise.
15.	Build Evaluation Documents	Prior to going to market it is important to develop and sign off the evaluation criteria and methodology, what the weightings are and the panel who will be evaluating the responses (this should include both technical and commercial reviews).
16.	Go To Market	Once all the documents have been completed (and if required, signed off). The Procurement Lead should go to market, this may be a direct process or an invited tender process if a Procurement Exemption has been approved or an open tender.

Step	Description	Guiding Information
		<p>If a Procurement Exemption approved process is being used then follow the agreed methodology.</p> <p>If an open process is being used it is important that you follow WDC requirements and use the correct system (TenderLink or GETS).</p> <p>Ensure that your process provides for an adequate amount of time for the suppliers to respond. This will ensure that you get the most complete and well developed responses from the suppliers.</p> <p>Ensure that you have clearly articulated how you want the documentation provided (paper, memory stick, electronically), where the information is to be sent to, the number of copies and any specific splits (such as non-commercial copies for technical only evaluators).</p> <p>Ensure that there is also a clear deadline for submissions, regardless of whether you run a closed or open RFX process so that all suppliers are working to the same rules and timelines.</p>
17.	Advising Suppliers	In an open tender situation, there may be certain suppliers it would be beneficial to have bidding. It is acceptable to advise these suppliers that you have gone to market and where they can find the information should they wish to bid.
18.	EOI or RFX Questions	<p>If any supplier seeks clarification on anything to do with the Procurement Documents, the question and response should be shared with all other bidders in writing.</p> <p>The only exception to this is if the information requested by the supplier is of a personal nature to their bid, the Procurement Lead should then decide whether this information should be kept proprietary or shared with all bidders and inform the supplier prior to answering the question. In the event the information would be shared the supplier should make a final decision on whether they want the question answered or whether they want to withdraw the question (this is likely if they feel it would have a detrimental impact on their bid).</p>
19.	Bid Receipting	<p>All bids / quotes should be received by the deadline. Any supplier bid which is late must be approved by the person with delegated authority. WDC should only extend the deadline if there is a significant reason for allowing an extension of time (e.g. a significant change or addition to the scope).</p> <p>No bids / quotes should be opened prior to the deadline, if these are being received electronically, they should not be reviewed, however, they can be printed ready for the deadline.</p> <p>All bids or quotes should be registered. If paper copies are provided / printed these should be initialled and witnessed at the time of opening and recorded on the bid opening sheet. If electronic copies are to be utilised these should be recorded on the bid opening sheet.</p>
20.	Evaluation	<p>The evaluation panel established in step 15, now undertake the evaluation subject to no further Conflicts of Interest being identified. Ensure that the right documentation is received by each evaluator (e.g. if they are undertaking a technical only evaluation do not provide the commercial documentation). Provide a timeline for the panel to feedback their evaluations.</p> <p>Upon completion of the individual evaluations the Procurement lead may bring the evaluation team together to go through the evaluations and collate the results with the team (this is useful if you want a deep understanding of their rationale, often used on technically complex or large scale tenders) or collate the results and feed back to the team (this is less time consuming and often used on straight forward tender processes).</p> <p>It is important that the evaluation team are on board with the final decision. Therefore there should be an opportunity to challenge and review the results of the evaluation to ensure that the correct decision is being made.</p> <p>At this point all appropriate due diligence should also be undertaken as part of the evaluation process.</p>
21.	Evaluation Sign Off	<p>It is important that all of the evaluators sign off on the evaluation, process, results and final decision prior to proceeding. If this cannot be agreed the results should be escalated for a final decision.</p> <p>If there is a requirement for any other sign off of the evaluation prior to proceeding, this should be undertaken at this stage i.e. Tenders Subcommittee (Stage 1 and 2).</p>
22.	Supplier Selection	Advise the selected supplier of their selection and the intention to enter into formal negotiations, do not advise the other bidders of being unsuccessful at this stage as you still need to complete the negotiation process.
23.	HSE	At the time of requesting quotes, it is essential to establish whether the supplier(s) are HSE approved, if they are go to step 25.
24.	HSE Approval Process	<p>If the supplier(s) are not HSE approved outline the requirements to be approved to the supplier. If required, utilise the HSE team / expert to provide assistance in explaining the requirements to the supplier(s).</p> <p>It is acceptable to allow them to bid and undertake the full HSE approval process if they are successful, but this <u>must</u> be completed prior to the award of the contract or the raising of the Purchase Order.</p> <p>If the supplier will not undertake the HSE approval process or does not gain approval, then go back to step 20 if you have other quotes you can consider or, step 7 if you have no other quotes to consider.</p>
25.	Negotiation Preparation	<p>Identify the negotiating person or team.</p> <p>Review the tender documentation and establish the technical and commercial points of negotiation.</p> <p>Review the contract and identify any changes requested by the supplier.</p>
26.	Legal Team review	Where there are significant changes to contract ensure the Legal Team undertake a review of the changes.

Step	Description	Guiding Information
		If you are unsure whether they are significant ask the Legal Team to advise.
27.	Legal Team Sign Off	If the Legal Team sign off the changes, go to step 28. If the Legal Team do not sign off the changes negotiate the terms in line with the Legal Team's guidance and, go to step 28. If all aspects of the contractual negotiations are not agreed escalate for resolution, if resolution is successful, go to step 28. If resolution cannot be reached, go to step 20 and reconsider the supplier to be selected.
28.	Commercial Negotiation	Complete the final commercial negotiations. Include any final technical negotiations in this process and ensure that HSE approval has been attained and any Insurance Certificates required have been received. If all aspects are agreed by the parties, go to step 29. If all aspects are not agreed escalate for resolution, if resolution is successful, go to step 30. If resolution cannot be reached, go to step 20, and reconsider the supplier to be selected.
29.	Complete Recommendation to Award Documentation	Ensure all of the Procurement Plan, Evaluation Documentation and all Approval Documentation are completed and filed electronically.
30.	Approval process	Submit for final approval to the appropriate person with the Delegate Authority holder or the designated person with the delegation provided to them.
31.	Final Approval	If approval is given, go to step 32. If approval is not given either: a. if additional approval information is required, go to step 29; b. if additional evaluation is required, go to step 20; c. if the process is to be run, go to step 7; or d. end the process and inform all Suppliers of the decision not to proceed.
32.	Supplier Set Up	If the chosen Supplier is a new supplier, <u>after</u> they have met the HSE and Insurance requirements of WDC, ensure that they are set up on the system. Once this is completed or if they are already on the system go to Step 33.
33.	Order	Award the contract and / or provide a Purchase Order detailing the services to be provided, the works to be undertaken and/or the goods to be supplied. NB: No work should commence before the contract is signed or Purchase Order sent or before the Insurance and HSE requirements are completed. Inform the unsuccessful suppliers and provide the opportunity for feedback, if required. Ensure all Procurement information is correctly recorded and filed.
34.	Contract / Supplier Management	Assess the need for on-going contract management and the level required, if there is no need for Contract / Supplier Management (e.g. one-off purchase), go to Step 40.
35.	Contract / Supplier Management Framework	Agree the required Contract / Supplier Management with the supplier; this should include all documents, reports, meetings and HSE requirements to be produced or attended, their frequency and the owner.
36.	Escalation Process	Agree with the supplier an escalation process for both commercial and technical issues and go to step 37 or if it has been established in step 35 that there is no need for Contract / Supplier Management (e.g. one off purchase), go to Step 38.
37.	Contract / Supplier Management Framework	Build the framework based on the agreed documentation in Step 35.
38.	Transition	Determine whether there is a transition plan required. If not, go to Step 41.
39.	Transition Plan	Create a full transition plan with the supplier; this should take into consideration timeframes, operational issues / challenges associated with the change, resources and employee awareness requirements.
40.	Transition	Undertake transition and complete process.
41.	Contract Commencement	Commence contract on the agreed start date.
42.	Contract Variations	During the life of the contract, if the contract needs to be varied identify the variation required and negotiate / agree with the supplier.
43.	Variation Approval	Seek approval to vary contract in line with the Delegated Authority budget holder. If agreed write variation to contract, sign off with supplier, get authorised WDC sign off, implement and file variation with the other procurement documentation. If not agreed, go to step 44 and continue the contract, or, step 36 to escalate.
44.	Continuance	Continue Contract in line with agreed Contractual Terms.

Appendix 1 – Government Procurement Charter

The Charter sets out government's expectations of how agencies should conduct their procurement activity to achieve the best value for money.

Government agencies spend approximately \$41 billion a year on a wide range of goods and services from third party suppliers. We need to ensure that government procurement delivers the best value for money for all New Zealanders while supporting the delivery of better public services throughout New Zealand.

Agencies should identify their key priorities and seek to meet as many of these expectations as practical.

The New Zealand government directs agencies to:

1. **Seek opportunities to include New Zealand businesses.** Openly work to create opportunities for local businesses and small-to-medium enterprises to participate in your procurement processes.
2. **Undertake initiatives to contribute to a low emissions economy and promote greater environmental responsibility.** Ensure that economic and social development can be implemented on a sustainable basis with respect for the protection and preservation of the environment, reducing waste, carbon emissions and pollution.
3. **Look for new and innovative solutions.** Make sure you don't overprescribe the technical requirements of a procurement, give businesses the opportunity to demonstrate their expertise.
4. **Engage with businesses with good employment practices.** Ensure that the businesses you contract with operate with integrity, transparency and accountability, and respect international standards relating to human and labour rights. For businesses operating within New Zealand, ensure that they comply with all New Zealand employment standards and health and safety requirements.
5. **Manage risk appropriately.** Responsibility for managing risks should be with the party – either the agency or the supplier – that is best placed to manage the risk. Agencies and suppliers should work together on risk mitigation strategies.
6. **Encourage collaboration for collective impact.** Look to support greater collaboration, both across-agency and across-businesses to give likeminded groups the opportunity to find common solutions within your procurement opportunities.