

Procurement Policy

Policy Owner: Director, Finance and Business Services

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Policy Review Date: June 2024

Introduction and Application

This policy provides the guiding framework and principles that cover activities associated with the procurement of all goods and services by the Waikato Regional Council (the Council). This includes elected members, staff, consultants and any person or agent acting on behalf of the Council. This policy supports council procurement as an important lever and tool to achieve council's purpose, 10-year strategy and to maximise best public value (account for all costs and benefits over the lifetime of the goods, services or works). This policy also supports the Government Procurement Rules and best practice procurement ensuring consistency and compliance.

Procurement activity and spend must not be manipulated in any way, through planning, contracting, payment or any other means, to facilitate a desired, alternative, or other process or outcome other than the most appropriate.

Policy Objective

It is of the utmost importance, when committing or spending public funds, that goods and services are procured in an efficient, ethical, and transparent manner that would result in achieving best public value. The procurement policy and processes are designed to facilitate this in the most effective way possible.

The objectives of this policy are to support and provide the following:

- **Roles and Responsibilities.** All staff and managers should be aware of their tasks and obligations across all procurement and purchasing activity when spending money or committing the Council to financial or other obligations.
- **Spend Management.** This and the Financial Delegations Manual enable robust spend management in delivering fit for purpose outcomes for the Council while supporting transparency and accountability.
- **Risk Management.** Through effective process management and contract outputs, risk can be appropriately managed and assessed by the business ensuring results are not compromised nor is spend or Council reputation.
- **Accountability.** All staff must carry out their roles and responsibilities in line with this and other policies ensuring they can account for decisions, documents, results, behaviour and can justify reasons for procurement related activity.
- **Operational Efficiency.** The application of this policy with supporting procurement systems and tools are best designed to enable the efficient procurement operations of the Council promoting best practice procurement.
- **Social Procurement.** Staff must look at opportunities to engage Maori, Pasifika, regional businesses and social enterprises in their procurement and make it easy for them to do business with the Council.
- **Sustainability and emissions reduction.** Staff and managers must consider sustainability and emission reduction opportunities across all procurement and purchasing activity.

The Government procurement principles below, along with Council values underpin and uphold this policy. This policy should be applied across all procurement activities ensuring it supports the achievement of Council outcomes:

Government Procurement Principles¹

- **Plan and manage for great results**
 - Identify what you need, including what [broader outcomes](#) should be achieved, and then plan how to get it.
 - Set up a team with the right mix of skills and experience.
 - Involve suppliers early – let them know what you want and keep talking.
 - Take the time to understand the market and your effect on it. Be open to new ideas and solutions.
 - Choose the right process – proportional to the size, complexity and any risks involved.
 - Encourage e-business (for example, tenders sent by email).
- **Be fair to all suppliers**
 - Create competition and encourage capable suppliers to respond
 - Treat all suppliers equally – we don't discriminate (this is part of our international obligations).
 - Seek opportunities to involve New Zealand businesses, including Maori, Pasifika and regional businesses and social enterprises.
 - Make it easy for all suppliers (small and large) to do business with government.
 - Be open to subcontracting opportunities in big projects.
 - Clearly explain how you will assess proposals – so suppliers know what to focus on.
 - Talk to unsuccessful suppliers so they can learn and know how to improve next time.
- **Get the right supplier**
 - Be clear about what you need and fair in how you assess suppliers – don't string suppliers along.
 - Choose the right supplier who can deliver what you need, at a fair price and on time.
 - Choose suppliers that comply with the Government's Supplier Code of Conduct.
 - Build demanding, but fair and productive, relationships with suppliers.
 - Make it worthwhile for suppliers – encourage and reward them to deliver great results.
 - Identify relevant risks and get the right person to manage them.
- **Get the best deal for everyone**
 - Get best public value – account for all costs and benefits over the lifetime of the goods or services.
 - Make balanced decisions – consider the possible social, environmental, economic effects and cultural outcomes that should be achieved.
 - Encourage and be receptive to new ideas and ways of doing things – don't be too prescriptive.
 - Take calculated risks and reward new ideas.
 - Have clear performance measures – monitor and manage to make sure you get great results.
 - Work together with suppliers to make ongoing savings and improvements.
 - It's more than just agreeing the deal – be accountable for the results.
- **Play by the rules**
 - Be accountable, transparent and reasonable.
 - Make sure everyone involved in the process acts responsibly, lawfully and with integrity.
 - Stay impartial – identify and manage conflicts of interest.
 - Protect suppliers' commercially sensitive information and intellectual property.

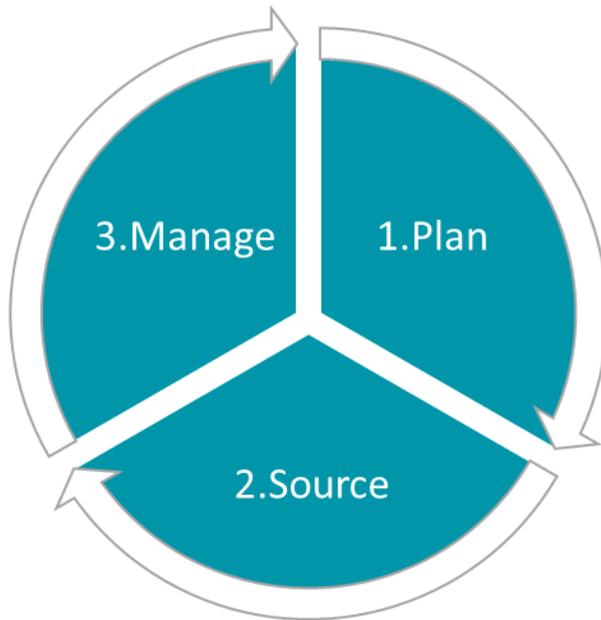
Council Values

- **Responsible, Kia tika** – doing the right thing – for people and place
- **Respectful, Kia tau** – acting with respect – toward all
- **Effective, Kia toa** – making a difference – reach for results

¹ Government procurement principles - [Government procurement principles | New Zealand Government Procurement and Property](#)
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Procurement Lifecycle

The below lifecycle aligns with the Ministry of Business Innovation and Employment's (MBIE) procurement lifecycle. MBIE are the functional lead agency for all government and public sector procurement. Each aspect of this lifecycle should be considered when conducting a procurement activity for the Council.



1. Plan

- Initiate
- Identify needs and analyse market
- Specify requirements
- Plan approach to market and evaluation

2. Source

- Approach market and select supplier
- Negotiate and award contract

3. Manage

- Manage contract and relationship
- Review

WRC Procurement Lifecycle

Related Documents

Waikato Regional Council Financial Delegations Manual ([Click here](#))

Gifts, Hospitality and Personal Benefits Policy & WRC Sensitive Expenditure Policy ([Click here](#))

Purchasing Card Policy ([Click here](#))

Travel and Accommodation Policy ([Click here](#))

Contract Management Policy ([Click here](#))

WRC Fraud Policy ([Click here](#))

Procurement Guidelines ([Click here](#))

Conflict Of Interest with Supplier Guidelines ([Click here](#))

Waikato Regional Council Health and Safety Management System (HSMS) ([Click here](#))

Policy Detail

1. Roles and Responsibilities

The following are key roles and responsibilities supporting procurement activity at the Council:

Directors

It is the role of each Director to promote, through holding to account, the business behaviour and adherence to policies and processes such as this one. Directors are the highest point of financial Delegation (outside Tenders Board) and escalation for the Council and often provide sponsorship and clarity when required on spend and projects.

Director - Finance and Business Services (FBS)

The Director, FBS has overall operational responsibility for the Council's procurement activities. The Director, FBS is responsible for providing clarity and guidance on specific procurement processes such as approving or recommending exemptions from this Policy or best practice and supporting the internal audit of procurement processes (probity). Advice is provided at Council, Senior Leadership as well as operational levels.

Manager – Business Advisory Services (BAS)

The Manager, BAS has management responsibility for the delivery of legal and procurement services including supporting the Procurement Lead and Legal Services team. The Manager, BAS is responsible for escalation of any procurement related matters to Directors.

Procurement Lead

The Procurement Lead is responsible for this policy and ensuring that it is up to date with any central government, local government, or other requirements. The Procurement Lead is responsible for providing a relevant procurement framework (guidance and templates) for Council staff to ensure that procurement processes are carried out in a consistent manner. This includes the planning and sourcing phases of procurement up to a contracted output. It is the Procurement Lead's responsibility to ensure appropriate internal audit, supported by the Director FBS, is carried out.. The Procurement Lead must endorse all procurements over \$100,000 at the procurement plan phase.

Legal Services

The Legal Services Team owns and is responsible for the management of contract templates used. Where these internal documents are not available, suitable, or able to be used, the Legal Services team will provide advice and support to ensure contract outputs between Council and third parties are fit for purpose and manage risk in an appropriate manner. The Legal Services team play a key role in supporting procurement process and contract management. The Legal Services team own the Council contract management system and ensure that the relevant staff are trained in all aspects of contract drafting, management and storage.

Budget Owners

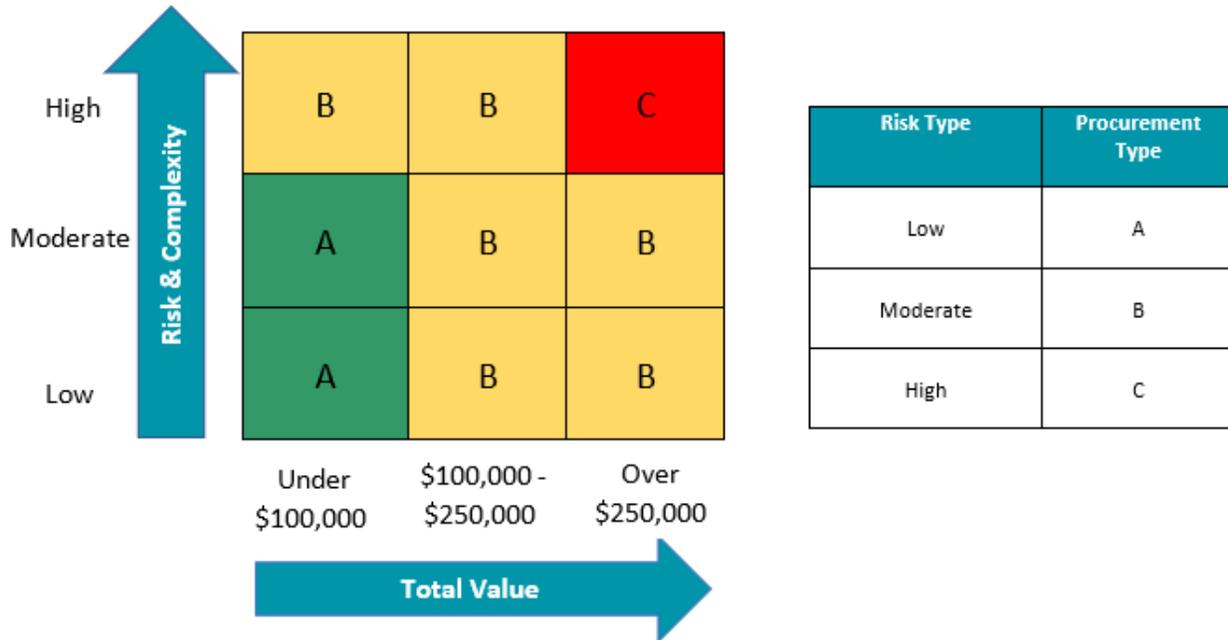
Budget owners at the Council are responsible for ensuring funding is managed to support projects and procurements. Budget owners will be involved in upholding the values of this policy by ensuring budget approvals and processes are followed.

Staff

All staff and those delegated to spend funds or commit to financial or other outcomes on behalf of the Council must abide by this policy. It is the staff member's duty to ensure they are familiar with and understand this and associated policies and act in accordance with expected values and behaviours.

2. Procurement Types

Classify procurement as Type A, Type B or Type C based on risk, complexity and value using the matrix below



Examples of factors that contribute to low risk and complexity:

- Negligible implications for the environment, local economy, society.
- Failure to successfully deliver the goods or services will not severely impact WRC.
- Low health and safety risks*
- Low public profile, low political interest.
- Standard or routine requirements.
- Few interested stakeholders or user groups.
- Competitive market with multiple suppliers.
- Low financial risk.
- Low Risk Categories of Professional Services [click here](#)

Examples of factors that contribute to high risk and complexity:

- Significant implications for the environment, local economy, society.
- Successful delivery of the goods or services is of critical importance to WRC.
- High health and safety risks*
- High public profile, high political interest.
- Requirements are highly unusual and/or unique.
- Multiple interested stakeholders or user groups.
- Market engagement and/or Supplier relationships are expected to be complicated or difficult.
- High financial risk.

*Health and safety risks assessment guide [click here](#)

3. Financial Thresholds

The following financial thresholds are established to best facilitate effective procurement outcomes based on what and how the Council plans to spend and contract for results. The exemption process exists where the appropriate process cannot be adhered to or followed. If you are using a Panel/ Approved/ As Required supplier, please follow the agreed secondary procurement/engagement process.

Procurement Type	Procurement Plan	Approach To Market	Spend Mechanism	Form of Contract to choose from
Type A Approval – staff with DFA	No procurement plan is required	\$0-\$20,000 Direct Source 1 quote \$20,000-\$50,000 Source 2 quotes \$50,000-\$100,00 Source 3 quotes	Up to \$50,000 Purchase order (PO) \$50,000-\$100,000 Contract & PO	<ul style="list-style-type: none"> • Purchase order (PO) • Contract for Services - Short form agreement • Product Supply Agreement • WRC legal approved other relevant contracts
Type B Approval – staff with DFA	Procurement Plan lite required	Closed Competition - RFQ/RFP/RFT (minimum 3 quotes) or open RFQ/RFP (via GETS) <i>Note: Open competition (RFQ/RFP) recommended for any procurement above \$100K (whole of life cost)</i>	Contract and PO	<ul style="list-style-type: none"> • Up to - \$50,000 - Contract for services – Short form • Above \$50,000 - Contract for services – Long form agreement • Product Supply Agreement • WRC Legal approved relevant contracts (e.g. Short form construction contract, NZS3910, 3916 etc)
Type C Approval - Tenders Board	Procurement Plan required	Open competition - RFQ/RFP/RFT (via GETS)	Contract and PO	<ul style="list-style-type: none"> • Contract for services – Long form agreement • WRC Legal approved relevant contracts (e.g. Short form construction contract, NZS3910, 3916 etc.)

Note:

- A Probity assessment must be carried out by the Procurement Lead/Legal Services Team and included with the Tenders Board report for any procurement above \$250,000
- All contracts should have a purchase order/orders raised against it for the equivalent value
- Contracts spanning multiple financial years & >\$500,000 should be approved by the Contracts Subcommittee
- **Exemption from Closed/Open competition or Direct Appointment:**
 - Procurement between **\$50,000-\$100,000** – Any exemption from sourcing 3 quotes should be recorded using the **Exemption from Closed/Open competition** [click here](#) and approved by the Manager with appropriate financial delegation.
 - Procurement between **\$100,000-\$250,000** – Any exemption from Closed/Open competition should be recorded using the **Exemption from Closed/Open competition** [click here](#) endorsed by the Manager and approved by the Director.
 - Procurement with value **over \$250,000** – Any exemption from Open competition should be recorded using the **Exemption from Closed/Open competition** [click here](#) endorsed by the Procurement Lead, Manager, Director and approved by the Tenders Board.

4. Exemptions

Any procurement policy exemptions must be approved by the Procurement Lead before any alternative procurement process, spend or contract commitment has been started or agreed.

Poor planning or workflow management will not be considered as valid reasons for exemption from this procurement policy or associated processes.

5. Emergency Procurement

In an emergency it may be necessary to omit parts of the procurement process, so that the Council can react quickly to unforeseen events.

Emergency procurement must be used only in genuinely unforeseen circumstances and must be limited to what is required to cope with the particular emergency.

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

- a. People, property or equipment being placed in immediate risk
- b. Standards of health, welfare or safety having to be re-established without delay
- c. The significant impairment of Council's delivery if Council failed to respond promptly.

Emergency procurement must be reviewed by the Procurement Lead and authorised by a staff member with the appropriate financial delegation as soon as practicable following the purchase. Where appropriate, these incidents need to be reported to the Director/ELT as soon as practical. Emergency procurement would also take place where a Civil Defence Emergency, Marine Oil Spill, Incident or Flood Response has been declared.

Urgency that arises as a result of inadequate planning does not constitute an emergency.

6. Preferred, Pre-approved/As required and Panel Supplier Agreements

Some purchasing or procurement activity will be identified with potential for the development of a Preferred, Pre-approved/As required or Panel Supplier Agreement. If it is likely the supplier would be used to deliver specific or range of goods or services on a regular basis for a long period of time, a Preferred, Pre-Approved/As required or Panel Supplier Agreement may be set up.

When purchasing or procuring agreed goods or services from these suppliers employees must:

- a) Use these suppliers unless the supplier is unable to meet the requirements
- b) Use the relevant engagement document (e.g., Instruction for Services (IFS), work brief etc.) which was agreed during the formation of the agreement
- c) Be aware of the financial threshold limits related to these agreements
- d) Issue a purchase order against the engagement document

If you want to establish a Preferred, Pre-Approved or Panel Agreement with a supplier or multiple suppliers, please talk to the Procurement Lead as there are specific processes and then contracts to put in place to achieve this.

All current Preferred, Pre-Approved/As required and Panel Supplier Agreements can be found on the Procurement page on the Council intranet, Kainga.

7. Health and Safety Requirements

Health and Safety must be considered at every stage of the Procurement Lifecycle, from planning the Procurement (including the design of specifications and requirements), engaging with the market, selecting goods and/or suppliers, awarding contracts and managing the suppliers.

The extent to which Procurement processes incorporate ways to eliminate or minimise health and safety risk will vary, depending on an assessment on what is reasonably practicable to do. This assessment will include:

- the likelihood of the risk occurring;
- the degree of harm that might occur;
- the availability and suitability of ways to eliminate or minimise the risk or hazard.

Contract Managers need to ensure that all parties are responsible for meeting their respective health and safety obligations at law and must as far as reasonably practicably consult, cooperate and coordinate activities with each other and any subcontractors or other parties.

All staff must follow the procedures set out in the WRC Health and Safety Management Procedures (4104483) [click here](#)

8. Intellectual Property and Copyright

Risks associated with the development of intellectual property during procurement must be considered. Employees should:

- a. Identify all intellectual property likely to be developed or created during a procurement, and any background intellectual property
- b. Seek legal advice on how to secure Council's continuing right to use intellectual property as required from the WRC Legal Services team.
- c. Be clear about the difference between what is intellectual property and what is said commercially in confidence.

9. Sustainable Procurement

Sustainable procurement is ensuring resources utilised today do not have a negative impact for tomorrow. This includes ensuring environmental, economic, and social impacts are considered when purchasing or engaging goods and services.

In carrying out any purchasing or procurement activity, Council staff must consider:

- how the procurement can be used to achieve wider social, economic, cultural and environmental outcomes
- the sustainability of the goods, services and works over their whole life
- the protection and preservation of the environment
- circular solutions that can help design out waste and pollution, keep products and materials in use and regenerate nature
- how the procurement can reduce carbon emissions, waste, and pollution and contribute to low emissions and circular economies and promote greater environmental responsibility
- how to increase access to Council contracts opportunities for Māori, Pasifika, regional businesses and social enterprises (social procurement)

- Including Sustainability and Social Procurement (where applicable) criteria in all procurement evaluations including Tender requests, with a non-price attribute weighting of a minimum of 10% and up to 15% for procurement above \$50,000. Any variation to this weighting must be justified and attached to the tender file.

Outcomes for the Council specifically means:

- Grow skills, capability, and employment
- Grow community resilience and wellbeing
- Help Māori, Pasifika and regional businesses grow
- Provide economic empowerment
- Keep money in the local economy
- Foster innovation and creativity
- Build positive regional identify and local pride

Additional Guidance

Further guidance on the application of this policy can be found in the Waikato Regional Council Procurement Guidelines (doc# [4063207](#))

Any questions regarding this policy should be referred to the Procurement Lead.

Definitions

<p>Approach to Market</p>	<p>A formal process of inviting potential Suppliers to submit a Response to WRC requirement for goods, services or works in form of Quotes, Registration of Interest (ROI), Request for Quotation (RFQ), Request for Proposal (RFP), Request for Tender (RFT).</p> <p>Approach to Market could be in form of Open Competition, Closed Competition or Direct Appointment</p>
<p>Broader Outcomes</p>	<p>Broader outcomes are the secondary benefits that are generated from the procurement activity. They can be environmental, social, economic or cultural benefits.</p>
<p>Closed Competition</p>	<p>An Approach to Market process where group of selected suppliers are approached to submit a quote or proposal.</p>
<p>Co-Lab (Previously Waikato Local Authority Share Services - WLASS)</p>	<p>Co-Lab was established to promote shared services between local authorities across the Waikato region.</p> <p>Co-LAB is owned by twelve councils – Waikato Regional, Hamilton City, Hauraki District, Matamata Piako District, Otorrhoea District, Rotorua District, South Waikato District, Taupo District, Thames Coromandel District, Waikato District, Waipa District and Waitomo District.</p>
<p>Contracts Committee</p>	<p>Where the Council is seeking to enter contracts that span multiple financial years and have a total contract value of \$500,000 or greater, final approval of the contracts (after consideration has been given to the contract by the Tenders Board) must be sought from a subcommittee of the Council (Contracts Subcommittee).</p> <p>Contracts Committee shall be comprised of the:</p> <ul style="list-style-type: none"> • Council Chair; and • Chair of Finance and Services Committee; and • Deputy Chair of Finance and Services Committee; and Chair of committee relevant to the business area entering into the contract
<p>DFA</p>	<p>Delegated Financial Authority - The Council employee who has the appropriate financial delegation to approve the procurement transaction.</p>
<p>Panel Agreement</p>	<p>An agreement with a number of suppliers to supply similar product or service following a competitive supplier market approach.</p> <p>These agreements are not a commitment for expenditure.</p>
<p>Preferred Supplier Agreements</p>	<p>An agreement with a supplier, following a selection process, which offers the Council best value in a particular category of goods or services, in a number of individual purchase transactions, over a period of time.</p> <p>These agreements are not a commitment for expenditure.</p>

Pre-Approved Suppliers/As required	<p>A “pre-approved/as required supplier arrangement is one where multiple suppliers are pre-approved following an EOI, Tender or Director appointment process to deliver a list of high-risk services or specialised services.</p> <p>These agreements are not a commitment for expenditure.</p>
Quote	An offer, written or verbal, made by a supplier in response to an invitation to supply specified goods or to perform a service.
Request for Quotes (RFQ)	A formal request asking potential suppliers to quote prices for ‘stock standard’ or ‘off-the-shelf’ goods or services or works. It is aimed at low to medium value/risk.
Request for Proposal (RFP)	An invitation for suppliers to propose how their goods or services or works can achieve a specific outcome along with their prices.
Suppliers	All individuals or organisations who supply goods or services to Waikato Regional Council, including consultants and contractors.
The Council	Waikato Regional Council
Tenders Board	<p>The Tenders Board is established pursuant to Clause 32 of Schedule 7 of the Local Government Act 2002, whereby the Chief Executive delegates the power to enter into and award contracts and expend funds to the Tenders Board. The Board is comprised of members of the Executive Leadership Team (ELT).</p> <p>The Tenders Board must operate on a quorum of at least three members of the Executive Leadership Team, one of whom must be either the Chief Executive or the Chief Financial Officer.</p>
Total Cost of Ownership (Whole of life costs)	Total costs of the goods or services including; planning, design and construction, procurement process costs, ongoing operational factors, the ability to recycle, disposal and financial considerations.