

# Procurement Policy



<b>Approved by:</b>	Chief Executive
<b>Group:</b>	Finance
<b>Responsibility:</b>	Procurement Lead
<b>Date adopted:</b>	14 June 2024
<b>Review:</b>	Every 3 years or as required This Policy does not cease to have effect because it is due for review, or being reviewed
<b>Consultation:</b>	Not Required
<b>Policy Type</b>	Council External Operational

## Introduction

1. Timaru District Council's (TDC) procurement activity delivers value for money for residents of Timaru District using a clear framework of accountability and sustainability, supporting TDC's social, economic and environmental priorities.
2. TDC procures a wide range of works, goods and services to deliver solutions to the citizens and ratepayers of the Timaru district. TDC seeks to maximise overall benefits through consistent and mandated procurement activities.
3. Any and all procurement must be completed within the delegations set out in the Delegations Manual #1417284.
4. Responsibility for this policy lies with the Procurement Lead who is responsible for Procurement guidance across Council operations.

## Policy Purpose

5. The purpose of the policy is to provide a framework within which a consistent practice is applied across TDC procurement activities in alignment with the Council's vision, strategic priorities and broader community outcomes.
6. This policy reflects TDC meeting our legislative obligations as per Section 14 of the Local Government Act 2002. This section outlines that a local authority must "conduct its business in an open, transparent, and democratically accountable manner" and "undertake any commercial transactions in accordance with sound business practices". These best practices are also outlined within this policy in clauses 13 & 14.
7. Procurement delivers value for money for residents of the Timaru district, and for TDC's role as place creator, ensuring the long-term well-being of the community through the incorporation of outcomes included in the Long Term Plan. This includes TDC's obligations under Tiriti o Waitangi (Treaty of Waitangi) and TDC's relationship with Arowhenua and Te Aitarakihi.

8. In line with the requirements of Rule 17 of the NZ Government Procurement Rules TDC will consider how to effectively involve NZ businesses in contract opportunities including Maori, Pasifika and regional businesses.

### **Scope**

9. This policy applies to:

- (i) The procurement of any goods or services obtained through any contractual means (including purchase, rental or lease contracts) with external supplies, no matter the methodology of purchasing or the value of the purchases.
- (ii) All Council officers, consultants, representatives or contractors conducting procurement activities on behalf of TDC.

10. This policy does not apply to spending on:

- (i) Internal invoicing
- (ii) Hiring fixed-term and permanent officers;
- (iii) Grants and sponsorship;
- (iv) Land acquisition;
- (v) Leasing of Council- owned property;
- (vi) Procurement undertaken by Council Controlled Organisations (CCO) that is not on behalf of the Council;
- (vii) Payments to government, including tax and regulatory bodies;
- (viii) Treasury and financial instruments; and,
- (ix) Unsolicited proposals.

11. Any exemption requests to this policy and associated procurement procedures require the approval of the Group Manager Infrastructure or the Chief Executive Officer PRIOR to any procurement activity.

12. All those with the duly delegated authority to procure goods and services for or on behalf of the Council will receive training in the use of this policy.

### **Procurement Principles**

13. This policy reflects best practices as found in Government Procurement Rules, and contracting principles detailed in the Controller and Auditor-General's Procurement Guidance for Public Entities.

These principles are:

- (i) Accountability: The Council will be accountable for its performance and give complete and accurate accounts of the use it has put public funds to.
- (ii) Priority: The Council will prioritise the awarding of procurement contracts on the quality of the service, the overall cost, and the time taken to deliver the service, in that order.

- (iii) Health and Safety: The Council will consider health and safety matters in all of procurement activities.
- (iv) Openness: The Council will be transparent in its administration of funds, both to support accountability and to promote clarity, including shared understanding of respective roles and obligations between entities in collaboration with any external parties entering into funding arrangements.
- (v) Lawfulness: The Council will act within the law and meet all applicable legal obligations.
- (vi) Fairness: The Council has an obligation to act fairly and reasonably. The Council must be, and must be seen to be, impartial in its decision-making.
- (vii) Integrity: Managing public resources must be done with the utmost integrity. The standards applying to public servants and other public employees are clear, and the Council will make it clear when funding other organisations that the same standards are expected from them.
- (viii) Sustainability: The Council will look for opportunities for its procurement activity to positively impact the environmental, social, economic and cultural well-being of our communities, now and in the future. The Council will assess sustainable procurement broader outcomes related to all procurement activity.

## Definitions

14. **Council Officers**- for this policy this refers to any employee who is permanent either full-time, part-time or on a fixed-term contract. This definition does not apply to any employee who is casual.
15. **Procurement**- covers all aspects of acquiring works, goods and services, including every aspect of the procurement lifecycle including determining and specifying the needs required to deliver the work programmes and levels of service detailed in TDC Long Term Plan and Annual Plan. This includes the contract and relationship management of chosen suppliers. The procurement cycle ends with the completion of a service contract or the disposal or repurposing of an asset at the end of its useful life.
16. **All of Government Arrangements**- a supply arrangement established by the government for common products and services purchased in the NZ public sector.
17. **Emergency Procurement**- procurement is needed as part of the response to a disruptive incident, where life, health, property or equipment is at immediate risk and the procurement is needed to restore or maintain TDC's critical activities and services to the community within acceptable, predefined levels.
18. **Supplier code of conduct**- the Supplier Code of Conduct outlines the expectations we have of our suppliers when providing goods and services to TDC.
19. **Public, Private Partnership (PPP)**- for the purpose of the Procurement Strategy, a PPP is an arrangement between a public sector entity or entities (including TDC) and a private sector entity (or entities) for the purpose of jointly or cooperatively undertaking a project for mutual benefit.
20. **Local supplier**- "local" means a ratepayer of the Timaru District Council and/or an organisation that employs Timaru district residents.

## Policy Statements

### Strategic Procurement Principles (Promoting Local Benefit)

21. TDC has identified its own strategic procurement principles that align with TDC's vision, strategic priorities and community outcomes. These principles are integrated into TDC's procurement decision-making framework and are intended to promote the delivery of local benefits. The framework and methodology TDC uses to assess local benefit is included in the Procurement Manual.
22. TDC recognises that the procurement policy and procedure are a lever that TDC can use to support its place of Place Maker and Place Shaper as a way of encouraging and supporting the local economy. Decisions made under this policy and the associated procedures will incorporate this as a primary focus.
23. TDC will provide value for money for the residents of the Timaru district considering whole-of-life costs and benefits, and sustainable outcomes.
24. TDCs procurement processes will apply sound ethical considerations and provide equitable and fair opportunities for procurement.
25. The procurement framework promotes consistent, transparent and efficient procurement practices to high-level standards.
26. Fundamental to the achievement of TDCs strategic aspirations is the promotion of innovative solutions from suppliers and an ethos of anything being possible.
27. Open and effective competition maximises the prospect of TDC obtaining the best procurement outcome. TDC will ensure that suppliers wishing to do business with TDC are given a reasonable opportunity to do so and that the procurement and relationship management practices deliver mutually beneficial outcomes that encourage continuous business.
28. Local value benefits in the procurement context are where there is a value derived from procurement decisions that delivers community well-being to residents of the Timaru district over and above the regular best-value concepts of quality and price.
29. Ways that local benefits can be accrued are:
  - (i) Social procurement requirements such as employment of disadvantaged sectors of the local community to deliver on the procurement requirement or the introduction of apprenticeships, internships, training and/or minimum wage opportunities directly related to the works, goods or services being procured.
  - (ii) Sustainable procurement where local environmental benefits are factored into the procurement decisions, for now and for future generations. These decisions are made with Te Tiriti o Waitangi values around stewardship of the natural environment.
  - (iii) TDC's commitment to promoting diversity, acceptance, fairness, inclusivity and access for all people. Depending on the nature of the procurement, TDC will explore opportunities to engage social enterprises to provide works, goods and services.

- (iv) TDC apply sound ethical principles and equitable & fair opportunities for procurement to promote the likelihood of mutually beneficial outcomes. Having high standards of professionalism in procurement processes, systems and procedures enables TDC to provide a consistent approach to procurement requirements, reducing transaction costs whilst adding value to TDC/supplier relationships, thus lowering the cost of doing business for all parties.

### **Conducting Procurement Activity**

30. All procurement activity will be conducted within the adopted annual budget (Annual Plan or Long Term Plan), or specifically approved by Council, and within delegated authorities, and following the procedures outlined in the Procurement Manual #1617343

- (i) Procurement approvals

All procurement must have the relevant approvals including the appropriate delegated authority before a commitment is made or spend occurs.

31. Prior to any Council Officer entering into a commercial arrangement for the provision of goods, services or works an appropriately approved Purchase Order is required.

- (i) Items of expenditure exempted from purchase order requirements are:

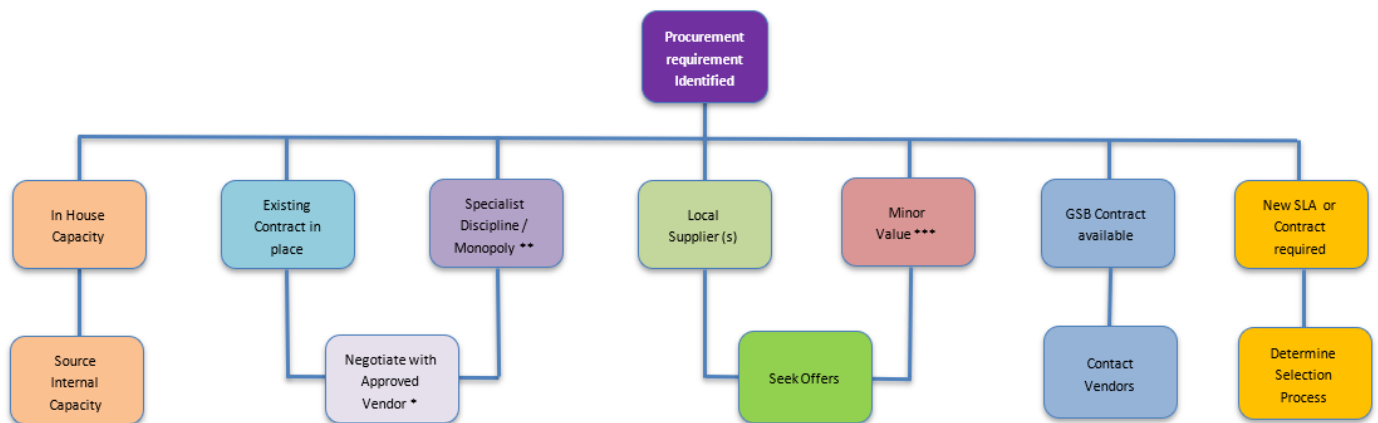
- i. wages and payroll deductions
- ii. service contracts, e.g. fleet card
- iii. phone rentals
- iv. petty cash
- v. power charges
- vi. tax payments
- vii. bank fees
- viii. debt payment
- ix. rates rebates
- x. Internal Invoicing
- xi. staff reimbursements
- xii. credit card purchases
- xiii. other regular (e.g. monthly) payments under a contract or agreement.

The cost to Council needs to be minimised so competitive prices should be obtained where there is the potential for a benefit from doing so.

## Procurement Planning

32. For procurement activity to be fully effective and achieve best value, it needs to be planned.

An approved procurement plan commiserate in detail with the value or risk of a project is required prior to approaching the market. The strategy for this process is detailed as follows:



- \* Procurement must be managed within delegated authority levels
- \*\* Specialist procurement is where the Vendor has any particular:
  - Equipment
  - Information Technology
  - Technical compliance
  - Personnel
  - Experience / Knowledge
  - Ability to meet timeframe
  - Unique opportunity
  - Technique or process specialisation
- \*\*\* Item within approved budget
  - Ad hoc procurement less than one year agreement
  - Vendor pricing likely to be similar

## 33. Procurement Methods

<u>Purchase Order</u>	An official request for goods, services or works to be conducted and specifies the quantity, description, price, terms, and other relevant conditions agreed upon between the buyer and the seller.
<u>Request for quotation (RFQ)</u>	A formal means of seeking quotations from the market. RFQ is a closed direct approach to the market, to at least three suppliers whom TDC believe may be able to provide the goods. An RFQ is best used where price is the main selection criteria, the requirement is for "stock standard" or "off the shelf" goods or services and where the risk is low.
<u>Request for information (RFI)</u>	A formal request for information to gain a more detailed understanding of the supplier market as well as the range of solutions and technologies that may be available. It is

	not a request for offers from the market and must not be used as the basis for the selection of a supplier.
<u>Expression of interest (EOI or ROI)</u>	An EOI is an optional first stage in a multi-stage procurement process and is used to reduce the number of interested suppliers in order to minimise costs to all parties. It identifies suppliers interested in and capable of delivering the required goods or services. Price information is generally not requested at the EOI stage. The only time indicative price information might be requested would be where the project had a limited budget and suppliers with solutions over the budget would not be considered.
<u>Request for proposal (RFP)</u>	A formal means of seeking proposals from the market for goods, services or works where the Council is open to supplier innovation and seeks a solution to a problem or process. Use an RFP when you know the outcomes, but you are not clear how best they can be achieved.
<u>Request for tender (RFT)</u>	A formal means of seeking tenders from the market to provide goods, services or works where Council's specifications or requirements are clearly defined and there is little room for flexibility or innovation. This method is often used for construction projects. Price normally plays a significant role within an RFT.
<u>Future Procurement Opportunities (FPO)</u>	<p>A formal means of identifying expected procurements by publishing future procurement opportunities (FPOs) on GETS. While some opportunities may not end up going ahead, FPOs give you an idea of what might come up. Agencies can create FPOs at any time and suppliers are able to follow an FPO and receive notifications when a related RFX is released in the market.</p> <p>Please note that all FPOs are subject to revision or cancellation.</p> <p>The information contained in an FPO is for planning purposes only. It does not represent a pre-solicitation or an invitation for bids. It is not a commitment by the government to purchase the described goods and services.</p>

#### 34. Supplier Standards

- (i) Suppliers to TDC are required to agree and adhere to the Supplier Code of Conduct.
- (ii) Suppliers are required to agree and adhere to TDC Wellbeing, Health and Safety policies and standards; particularly those dealing with subcontractors

- (iii) All TDC suppliers once appointed, are to be onboarded using the TDC onboarding process. See Onboarding, Induction and Exit Procedure for Externals #1572072

### 35. Competency & Capability

- (i) Every TDC officer, or their agent, involved in a procurement process must be able to demonstrate they have the required knowledge, skills and experience for the type and value level of procurement they are engaging in.
- (ii) All TDC officers involved in the procurement of works, goods and services on behalf of TDC must act with the highest ethical standards.

### 36. Specific Procurement

- (i) NZTA

Activities funded through the National Land Transport Programme will follow the Waka Kotahi New Zealand Transport Agency procurement procedures.

- (ii) All-of-Government contracts

All-of-Government contract (AoG) is a type of approved collaborative contract co-ordinated through MBIE's New Zealand Government Procurement Branch. AoGs establish supply agreements with approved suppliers for selected common goods or services purchased across government.

Council may purchase from AoGs if it is commercially advantageous to do so. Before approaching the market, Council should confirm whether there is an AoG that is available.

### 37. Emergency Procurement

Emergency procurement and expenditure may be required in response to an emergency situation where, due to unforeseen circumstances, goods and services are unable to be obtained through the standard procurement and purchasing processes.

- (i) Urgency does not constitute an emergency
- (ii) An emergency is when:

there is a declared state of emergency, either local, national, regional,

**or**

rural fire, civil defence/ emergency management and hazardous substance emergencies

**or**

emergency work to prevent immediate risk to public health, or public safety, or to prevent damage to public property or TDC assets such as burst pipes, localised weather events and other issues which adversely affect the local district of Timaru or its outlying areas: Temuka, Geraldine and Pleasant Point.

When making procurement decisions in emergency situations TDC will act lawfully and with integrity, and within delegated authority. TDC will endeavour to document and account for all emergency procurement activities.



TDC acknowledges that in emergency situations there can be a higher risk of fraud, bribery, corruption and inflated prices. TDC will look to include appropriate safeguards against these possibilities.

### **Ethics, Conflict of Interest and Sensitive Expenditure**

38. All TDC officers involved in the procurement of works, goods and services on behalf of TDC must act with the highest ethical standards.

This includes:

- **Conflict of Interest:** Officers involved in procurement activities must immediately declare any actual, potential or perceived conflicts of interest as per the Conflict of Interest Policy.
- **Integrity of the process:** only approved procurement processes provide robust, relevant and fair purchasing activities that protect TDC from reputation harm and potential compliance issues.
- **Unbiased:** Transactions must be executed in a manner that ensures fair and unbiased dealings with suppliers and in a way that complies with the Fraud, Bribery and Corruption Policy, this includes acting honestly, with integrity and transparency, demonstrated through appropriate and auditable records.
- **Confidentiality:** TDC officers respect the confidentiality of information that they are exposed to within their roles at TDC. Confidentiality obligations apply throughout the entire procurement process, including after the contract has completed or has terminated or expired. All TDC officers must comply with the Conflict of Interest Policy (#1549514) and the Local Government Official Information and Meetings Act 1987.

### **Unsolicited Proposals**

39. Unsolicited proposals are unique or innovative solutions initiated by suppliers and which may not be suitable to progress through this policy. TDC encourages innovation and will treat all unsolicited proposals in a way that respects the intellectual property rights of the proponent.

40. For an unsolicited proposal to be considered by TDC it must provide at least one of the following:

- Provide a solution to a need that is not otherwise available in the market;
- Be truly innovative and unique;
- Demonstrate that TDC will receive the best possible value;
- Align with TDC's vision, strategic priorities and community outcomes;
- Align with TDC's Long Term Plan and Annual Plan.

### **Monitoring**

41. As per the TDC's Code of Conduct and relevant policies to this policy, disciplinary action may occur for a breach of these policies. Reporting can occur to the Risk and Assurance

Manager, or a member of the Senior Leadership Team, Chief Executive Officer or if the breach is about the Chief Executive Officer, report to the Mayor.

42. As per the Protected Disclosure Policies (internal and external) reporting that complies with those policies will have protections applied to the reporter.

### Reporting

43. Auditing of TDC's procurement activities will be undertaken periodically as required or as appropriate.

<b>Delegations, References and Revision History</b>	
<b>Delegations</b>	
Identify here any delegations related to the policy for it to be operative or required as a result of the policy	
<b>Delegation</b>	<b>Delegations Register Reference</b>
Procurement as per the Delegations Manual	#1417284
<b>References</b>	
Include here reference to any documents related to the policy (e.g., operating guidelines, procedures)	
<b>Title</b>	<b>Relevant Reference within Document</b>
Procurement Manual	#1617343
Delegations Manual	#1592506
Code of Conduct	#1543455
Disciplinary Policy (internally)	Disciplinary Matters- TDC Corporate Policies
Revenue and Financing Policy	#1398273
Carbon Policy	#1343312
Conflict of Interest Policy	#1549514
Sensitive Expenditure Policy and Financial Guidelines	#1549508 #1539437
Fraud, Bribery and Corruption Policy, Procedure and Plan	#1582452 #1582450
Protected Disclosure (whistle blower) Protections Policy (internal and for Elected Members)	#1562517 #1556295
Supplier Code of Conduct	#1617688

Local Government Act 2002	<a href="https://www.legislation.govt.nz/act/public/2002/0084/latest/versions.aspx">https://www.legislation.govt.nz/act/public/2002/0084/latest/versions.aspx</a>			
Local Government Official Information and Meetings Act 1987	<a href="https://www.legislation.govt.nz/act/public/1987/0174/latest/DLM122242.html">https://www.legislation.govt.nz/act/public/1987/0174/latest/DLM122242.html</a>			
Privacy Act 2020	<a href="https://www.legislation.govt.nz/act/public/2020/0031/latest/LMS23223.html">https://www.legislation.govt.nz/act/public/2020/0031/latest/LMS23223.html</a>			
The Office of the Auditor-General's (OAG) Procurement Guidance for Public Entities 2008	<a href="https://oag.parliament.nz/2008/procurement-guide">https://oag.parliament.nz/2008/procurement-guide</a>			
Fair Trading Act 1986	<a href="https://www.legislation.govt.nz/act/public/1986/0121/latest/DLM96439.html">https://www.legislation.govt.nz/act/public/1986/0121/latest/DLM96439.html</a>			
Contract and Commercial Law Act 2017	<a href="https://www.legislation.govt.nz/act/public/2017/0005/21.0/DLM6844033.html">https://www.legislation.govt.nz/act/public/2017/0005/21.0/DLM6844033.html</a>			
Construction Contracts Act 2002	<a href="https://www.legislation.govt.nz/act/public/2002/0046/latest/DLM163059.html">https://www.legislation.govt.nz/act/public/2002/0046/latest/DLM163059.html</a>			
<b>Revision History</b>				
Summary of the development and review of the policy				
Revision	Owner	Date Approved	Approval By	Next Review
1	Procurement Lead	14 June 2024	Chief Executive 	June 2027