

# Grey District Council Procurement Policy

<b>First adopted</b>	<b>13 July 2020</b>	<b>Review period</b>	<b>Three yearly</b>
<b>Last reviewed</b>	<b>13 July 2020</b>	<b>Previous review date/s</b>	<b>Nil</b>
<b>Next review due</b>	<b>August 2022</b>	<b>Approved by</b>	<b>Council</b>
<b>Minute reference</b>	<b>19/12/034 – C/5</b>	<b>Policy owner</b>	<b>CEO</b>

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# 1. Purpose

To define the principles and concepts that underpin all Procurement activity for Grey District Council (Council). Whilst this document supports Council's own policies and approaches, it recognises that projects funded by agencies such as the New Zealand Transport Agency (NZTA) may need specific procurement processes.

## 2. Principles

The following broad principles apply, using the Government Procurement Rules as a guideline:

### 1. Plan and manage for greater results

A successful procurement involves careful planning, identification of the desired outcomes and a robust process to secure the best Contractor to do the work. A specific focus of this Policy is to involve suppliers as early as possible and communicate the desired outcomes as a means of securing the best outputs.

### 2. Be fair to all suppliers

Create competition and encourage suppliers to respond. This is not only based on a pursuit of fairness, but also a clear commitment to integrity.

### 3. Get the right supplier

This is most important as involving the wrong supplier may pose significant risks to efficiency of process and eventual outcomes.

### 4. Get the best outcomes for everyone

A focus on lowest price must be done with caution. Involving a service provider at a cost which makes it uneconomic for the provider inevitably leads to cost overruns, an elaborate application of cost variances and, in extreme cases, the service provider not completing, and/or the service received is sub-standard.

### 5. Play by the Rules

One of the most important requirements for the success of any Policy is consistency in its application. Council will ensure that all Procurement reflects both Industry Best Practice and its role as the custodian of public goods. This will include:

- Transparency and fairness
- Impartiality
- Objectivity
- Accountability
- Process integrity
- Lawfulness
- A pro-active approach to avoid potential for misconduct, fraud, and corruption
- Effective management of conflicts of interest

### 6. Inclusivity

All local contractors must have the opportunity to take part in Council procurement for contracts where possible and viable.

### 7. Partnering for better contract outcomes

As part of establishing a cooperative, mutually supportive process aimed at ensuring good contract outcomes, in the case of larger contracts where a Registration of Interest (ROI) approach is applied, the service providers should have input in the design and execution stages of the contract as a means of improving outcomes.

## 8. Sustainability

Aim to select reliable, quality fit for purpose goods and services as well as ensuring that resources allocated are used efficiently and effectively. In applying such principles, Council should consider:

### Simplicity and proportionality

Processes and associated requirements should be simple and easily understood and should have regard to the complexities and levels of risk involved. The cost of steps in the procurement process must not be more than the benefits of following such steps, where this policy allows discretion to not competitively tender contracts.

### Risk management

Find the correct balance between risk and benefits, rather than being totally risk averse.

The following is a general guideline and should be read in line with Council's Delegations Manual and definitions outlined in the following Policy Statement, clauses 4.4.1-4.4.2:

<b>Low value</b>	Less than or equal to \$25,000	Contracts must be as simple as possible and may involve as little as a purchase order.
<b>Medium value</b>	More than \$25,000 and less than or equal to \$100,000	A letter of acceptance with a purchase order for <b>low risk</b> contracts with risks clearly defined.
<b>Medium value</b>	More than \$25,000 and less than or equal to \$100,000	<b>Medium risk</b> contracts should involve a short form contract of the appropriate form (with the risk exposure and outputs appropriately provided.)
<b>High value</b>	More than \$100,000	Need a formal written contract outlining: <ul style="list-style-type: none"><li>• The nature of the works, goods, or services.</li><li>• Anticipated uncertainties foreseen by the contractor in achieving the expected contract outputs.</li><li>• The levels of risk that the Contractor must accept.</li><li>• The specific outputs.</li><li>• Require industry standard terms and conditions.</li></ul>

### The Contractor

Council will strive to set up a cooperative relationship with the preferred service provider based on an understanding of the contractor involved, its strengths and weaknesses.

### The Contract

<b>1</b>	<b>Low value, low risk contract</b>	Purchase orders, petty cash, or Council credit card.
<b>2</b>	<b>Medium value, low risk contract</b>	Short form agreements and simple processes.
<b>3</b>	<b>Medium value, high risk contract</b>	Letters of acceptance which state that the offer of service as provided and accepted, together with the letter of acceptance, together with the required terms and conditions will form the binding contract between the Parties.
<b>4</b>	<b>High value contract</b>	More extensive processes and formal written contract

**Funder contracts and processes**

The processes and formal agreements prescribed by funding agencies shall be used even though they may differ from the principles contained in this policy.

Note: These principles also apply to procurement undertaken by the Chief Executive and/or staff acting under delegated authority.

### 3. Definitions

<b>All of Government deal</b>	A Supply Arrangement set up by the Crown for selected products and services bought across the wider Government sector.
<b>Appropriate form</b>	The appropriate form means either a service only contract or a goods and services contract or a goods only contract, or a construction contract.
<b>Closed competition</b>	A market engagement approach where Council invites a limited number of known providers to supply offers of service. Normally, not publicly advertised.
<b>Direct procurement</b>	A market engagement approach where Council invites a single provider to supply offers of service. Normally, not publicly advertised.
<b>Emergency procurement</b>	Procurement undertaken as a means of delivering Council services in response to a sudden, unforeseen event where life, health, property, or equipment is at risk.
<b>Market engagement approach</b>	A process of inviting potential providers to supply an offer of service to Council. Offers are typically formal and in the form of tenders, quotes, proposals, or registrations of interest. The market engagement process involves Open Competition, Closed Competition or Direct Procurement.
<b>Open competition</b>	A competitive procurement process where Council invites all potential providers to supply an offer of service.
<b>Procurement</b>	All aspects of buying products or services. It involves a procurement plan that outlines the different specifications, approaches, and processes.
<b>Supply arrangement</b>	An arrangement between Council and a provider for the supply of products or services.
<b>Syndicated deal</b>	A collaborative arrangement with a neighbouring or associated local authority or body where common needs exist and where there is a joint or aggregated procurement undertaken.
<b>Total value</b>	The value of the supply arrangement including all components over its entire term, including renewals or extensions where applicable. Where more than one contract is involved the collective value of contracts is the Total Value.
<b>Value for money</b>	<p>The best available outcome for the money spent. It means using resources effectively, economically, and without waste, considering the total costs and benefits of a procurement (total cost of ownership), and the procurement's contribution to the results sought.</p> <p>The principle of Value for Money when buying goods or services does not necessarily mean selecting the lowest price, but the best possible outcome for the total cost of ownership over the whole-of-life of the goods or services. Selecting the process that is proportionate to the value, risk and complexity of the procurement will help achieve "value for money."</p>
<b>Whole of life cost</b>	An objective estimate of the total cost of the products, services or works calculated over the duration of their life. This will typically include purchase cost, cost of establishment, operations, maintenance, and ancillary costs, like depreciation, insurance, and disposal. At the same time, residual value at end of life will also be part of the Whole of Life cost.

## 4. Policy Statement

### 4.1 Scope and Application of this Policy

This procurement policy applies to all supply arrangements for products, services or works bought on behalf of Council. This includes procurements mandated by Council through the subcommittees as well as by the Chief Executive, Managers and staff acting under delegation. Where it differs from processes prescribed by external funding agencies, i.e. MBIE, PGF or NZTA, the prescribed different processes will apply.

### 4.2 Exemptions

This Policy will not apply to the following:

- Acquisition or lease of land or buildings. However, design, construction, or refurbishment of buildings will fall under this policy.
- Commercial operations carried out by third parties.
- Donations.
- Emergency procurement.
- Employment of staff. However, engagement of consultants, contractors for services will fall under this policy where applicable.
- Membership of local government professional and promotional bodies that Council requires staff to be a member of, i.e. LGNZ, SOLGM, NZPI, Engineering NZ etc.

#### 4.2.1 Emergency Procurement

In a genuine emergency, Council may depart from this policy to source products, services or works that are urgently required to provide emergency assistance and relief. Any departure from this policy due to an emergency must be fully justified and documented during or after the event. In any Emergency Procurement, Council must consider what is reasonable and justifiable in the circumstances. It is noted that this precludes a Civil Defence Declaration.

### 4.3 Procurement Strategy and Planning

Council will:

- Manage procurement in line with the process and actions determined by the principles and considerations outlined above.
- Consider its changing needs over the long term.
- Seek collaboration and syndication with other local authorities with the same needs.
- Encourage competition.
- Work with suppliers to achieve efficiencies.
- Pursue Value for Money.

### 4.4 Market Engagement Approaches

As part of the Procurement Plan, the following will be considered:

- Previous contracts and contract learnings (track record).
- Total Value of Procurement and the nature of requirements.
- Knowledge of the market and market characteristics (skills and experience).
- Complexity, scale, risk and outputs required (methodology).
- Cost of procurement processes.
- Availability and proximity of appropriately skilled and resourced Contractors/service providers.
- Financial viability.

#### 4.4.1 Open Competition

This is the required Market Engagement Approach for Procurement with an estimated value of \$100,000 or greater, unless this Policy has a valid exception. Open Competition is also for lower value procurement where it will achieve better outcomes by doing so.

The participation in and use of "All of Government" contracts satisfies the requirement for **Open Competition** as the process for becoming an "All of Government" contract supplier is rigorous and results in competitive practices.

Valid exceptions to open competition include those mentioned above and the following:

1. If only one supplier or a small number can meet the need and no alternatives exist. This will normally relate to specialist products.
2. If only one supplier or a small number are in the position to minimise cost or risk and no alternatives offering the same exist.
3. If only one supplier or a small number can help Council in achieving a strategic goal and no alternatives exist.
4. If the products or services are ancillary to an existing Supply Arrangement where the Supply Arrangement had advertised, and the change cannot be made on reasonable grounds.
5. If the purchase is for a prototype for research, experiment, or study.

#### 4.4.2 Closed Competition or Direct Procurement

This is permissible for procurements with a Total Value of \$100,000 or less where there is a reasonable assumption that an Open Competition process will not deliver any more benefit or where the relative benefits of an Open process will be less than the cost of pursuing that procurement process.

This form of procurement will involve a minimum of three written quotations unless an exception on the same basis as outlined above makes a lesser number of quotations possible. For Procurements with a Total Value of \$25,000 or less, it is preferable to secure a minimum of two written quotations whilst purchases of \$5,000 or less can be done as a direct purchase by purchase order. The reasons for less than the required or preferred minimum number of quotes obtained or received must be documented.

Where panels of pre-approved suppliers and contractors have been established for the supply of certain goods and/or services and their pre-approval remains current, panel members should also be invited to quote subject to the requirements outlined above.

<b>\$200,000 or greater</b>	<ul style="list-style-type: none"> <li>• Open competition procurement required</li> </ul>	<ul style="list-style-type: none"> <li>• Formal requirements as defined in risk management</li> <li>• A requirement for all procurement \$200,000 or greater is to follow the Two Stage Process of Registrations of Interest and Request for Proposals</li> </ul>
<b>Over \$100,000 and less than \$200,000</b>	<ul style="list-style-type: none"> <li>• Open competition procurement required</li> </ul>	Formal requirements as defined in risk management
<b>Less than or equal to \$100,000</b>	<ul style="list-style-type: none"> <li>• Open competition procurement or</li> <li>• Closed procurement or direct purchase if Open procurement will not deliver more benefit or cost outweighs benefit</li> </ul>	Three (3) quotes required for closed or direct procurement unless cost outweighs benefit
<b>Less than or equal to \$25,000</b>	<ul style="list-style-type: none"> <li>• Closed procurement or direct purchase</li> </ul>	Two (2) written quotes preferred

<b>Less than or equal to \$5,000</b>	<ul style="list-style-type: none"> <li>• Direct purchase or purchase order</li> </ul>	
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#### 4.5 Contractor Selection Methodologies

The most common forms of contractor selection methodologies are:

<b>The lowest price conforming model</b>	The emphasis of this type is price. This approach is best for situations where all suppliers are likely to meet quality standards and where a higher quality is not an important consideration.
<b>The Price Quality model</b>	This method considers price, quality, experience, and other criteria, to reflect the premium the Principal is willing to pay for additional quality. reflect relative importance. Where price is one of the criteria, it is important to ensure that weightings are such that price is appropriately (neither too much nor too little) recognised.
<b>The Purchaser nominated price method</b>	Also known as “target-price”, this is useful when it is difficult to define the scope of work or whether available budgets are enough for desired outcomes. The solution is to make potential contractors aware of the available budget (the target price) to figure out what they can supply for it. The quantity and quality of outputs then become the main evaluation issue.
<b>Quality based or “Brooks’ Law” method</b>	This assesses proposals on technical merit. Discussions with the highest ranked supplier then include the proposal, contract, terms, fees, terms of reference, legal requirements etc to ensure a mutual understanding. If no agreement is possible, the second ranked supplier begins negotiations. This process continues until appointment.

#### 4.6 Achieving Better Outcomes

Council will work with suppliers to achieve successful procurement outcomes and will seek to use a collaborative approach with all its suppliers to ensure successful procurement outcomes. This approach will include providing information to unsuccessful bidders so that they can identify areas for improvement for future tenders.

Council will seek to achieve local outcomes through its procurement activity where appropriate to do so, provided that this does not introduce discrimination or compromise the best value and quality for money. Typical examples of local outcomes are local employment, the utilisation of local resources, or local economic development. Achieving Better Local Outcomes must not conflict with the requirements and principles of the Commerce Act 1956

Better outcomes may be achieved through:

- Local forums and other forms of supplier engagement to assist prospective suppliers to understand how to effectively compete for Council’s business;
- Ensuring that procurement processes are not overly onerous or complicated;
- Considering potential commercial and practical advantages in purchasing locally produced products and services; and,
- Considering local outcomes when planning major procurement activities, packaging work for contracts, developing specifications and defining selection criteria.

#### 4.7 Enabling Pre-qualification and Evaluation of Supplier Performance

Council will make its requirements and processes as easy and clear as practicable and will work with suppliers in refining them.

Council will specify requirements in such a way that will consider a range of potential solutions and will not create barriers to a potential new supplier winning the procurement.

Where practical, Council will utilise a pre-qualifying and performance system that suppliers and contractors can easily become part of. This will require Suppliers and Contractors to become part of a pre-approved panel relevant to their sector, capabilities and experience. Refer to table included in clause 4.4.2 for procurement requirements

The pre-qualifying system placement will be reviewed on an annual basis only. The conditions of pre-qualifying and review will always be open and transparent for Contractors and Suppliers. The system will be evidence based and utilise (but not limited to) the following as a means of entry and review: Track record, relevant certifications, health and safety certification, experience and referee confirmation.

The performance system will be reviewed during and post completion of contracted works, be evidence based and utilise (but not limited to) the following criteria for review: Efficiency, adequacy of pricing, workmanship, performance, availability, paperwork, claims culture and cooperation with all stakeholders and staff training.

The Performance system will be used to evaluate the Contractor or Supplier and their work and may identify areas for improvement. The system may impact positively or negatively on the next contract the Contractor or Supplier may be involved in.

## **4.8 Sustainability**

The focus on Value for Money and Whole of Life Cost will ensure that Council considers the future in its procurement. Sustainability will be considered at all stages of the procurement lifecycle, starting with planning, through market engagement, selection of products/suppliers and contracting with suppliers.

The embedding of sustainability principles into Council's procurement will assist Council's procurement in meeting the needs of the end user, deliver long term value for money, as well as maximise social, economic, cultural and environmental benefits.

## **4.9 General Considerations to do with Procurement**

### **4.9.1 Easy to do business with**

Council will endeavour to make the Procurement as quick, easy, and cooperative as it can. This includes supplying information about upcoming opportunities and how best to become involved. It will also include being approachable on all matters relating to procurement for sharing with all prospective submitters.

Council will offer feedback to unsuccessful suppliers, so they can learn and know how to improve their submissions.

### **4.9.2 No discrimination**

There shall be no discrimination in any market engagement processes. Council will endeavour to have suppliers compete on an equal footing. All judgements will be subject to scrutiny and review.

### **4.9.3 Conflicts of interest**

Council acknowledges that conflicts of interest whether they be actual, potential or perceived, can arise at any stage in a Procurement process and it will ensure that any such conflicts of interest are disclosed and managed in accordance with Council's Conflict of Interest Policy.

### **4.9.4 Transparency**

Regardless of which selection methodology, enabling requirement or process is utilised, Council will be open and transparent at the beginning, during and after with all suppliers and contractors within the limitations of preserving the interests of other suppliers.

### **4.9.5 Health and safety**

The health and safety of Council staff, as well as the staff of contractors, suppliers, other stakeholders, and the public is of great concern to Council and will be a prominent aspect of any procurement.

#### **4.9.6 Information and record keeping**

Council will utilise its external website to provide meaningful and useful information to suppliers about:

- Council's Procurement policies and procedures.
- How suppliers can learn about openly advertised contract opportunities including future opportunities in the market.
- How a supplier can become pre-qualified.

#### **4.9.7 Consultation**

When considering Procurement decisions, Council will fulfil the requirements of section 78 of the Local Government Act 2002. When deciding whether to subject a Procurement decision to consultation, Council will consider, among other things:

- Council's Significance and Engagement Policy; and
- The matters listed in section 82(4) of the Local Government Act 2002.

# APPENDIX 1 – Relevant Legislation, Documents and References

## Legislation

- Local Government Act 2002
- Land Transport Management Act 2003
- Public Bodies Contracts Act 1959
- Health and Safety at Work Act 2015
- Local Government Official Information and Meetings Act 1987
- Waste Minimisation Act 2008
- Construction Contracts Act 2002
- Public Records Act 2005
- Contract and Commercial Law Act 2017
- Commerce Act 1986
- Fair Trading Act 1986

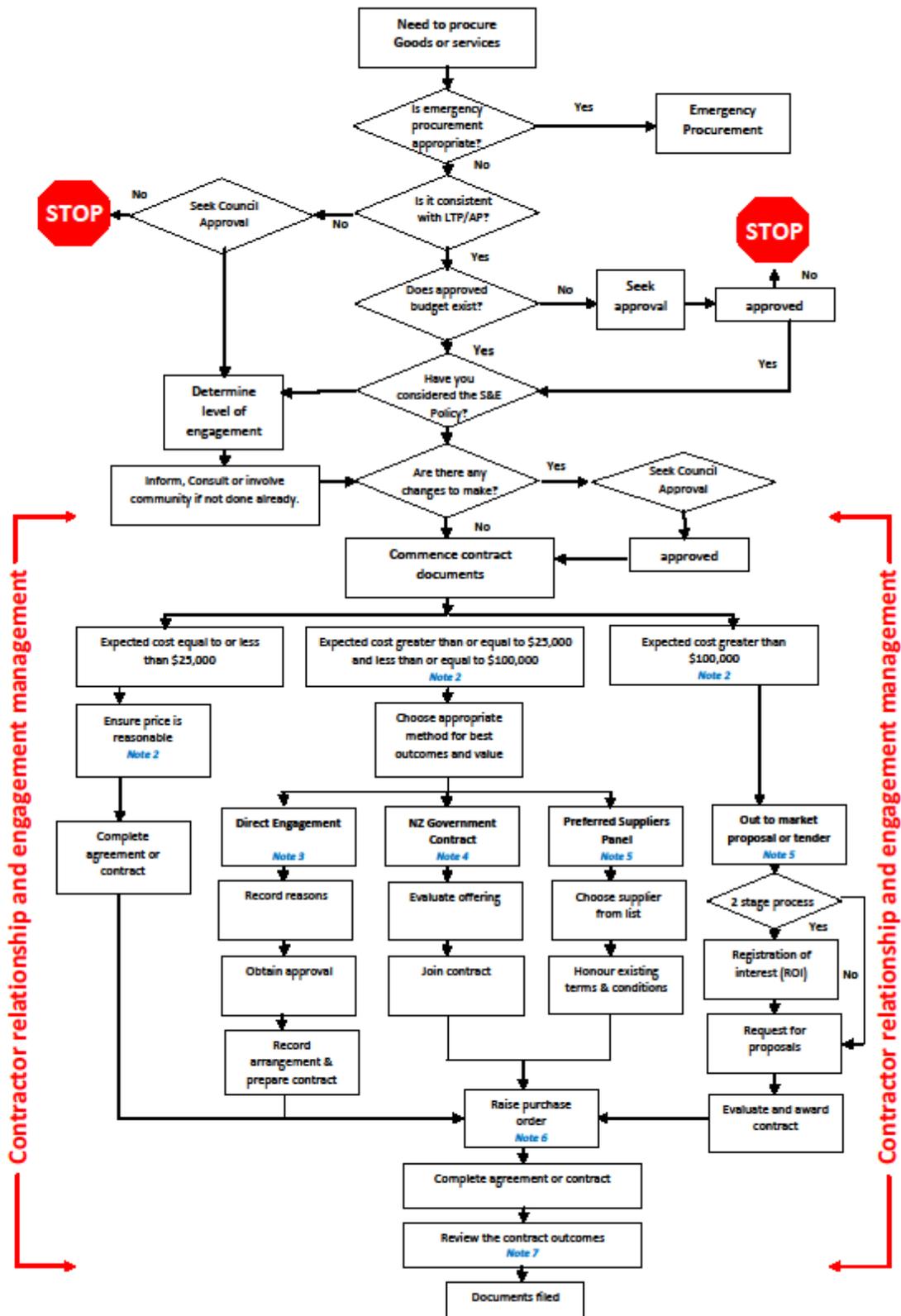
## External documents and references to Grey District Council

- Procurement Guidance for public entities - Office of the Auditor-General. June 2008.
- Guidance for members of local authorities about the law on conflicts of interest - Office of the Auditor-General June 2007.
- Managing conflicts of Interest: Guidance for public entities - Office of the Auditor-General. June 2007.
- Ministry of Business, Innovation and Employment (MBIE). October 2019 Government Procurement Rules, 4<sup>th</sup> Edition.
- Ministry of Business, Innovation and Employment (MBIE). October 2019 Government Procurement Rules 4<sup>th</sup> Edition
- Ministry of Business, Innovation and Employment (MBIE). April 2013: Government Rules of Sourcing, Rules of Planning your procurement, approaching the market and contracting.
- Government Procurement Templates: <https://www.procurement.govt.nz/procurement/templates/>
- NZTA Procurement Manual
- NZS 3910:2013 Conditions of contract for building and civil engineering construction
- NZS 3915:2005 Conditions of contract for building and civil engineering construction (where no person is appointed to act as engineer to the contract)
- NZS 3916:2013 Conditions of contract for building and civil engineering - Design and construct
- NZS 3917:2013 Conditions of contract for building and civil engineering - Fixed term

## Internal documents and references to Grey District Council

- Procurement Strategy for NZTA land Transport Activities
- Grey District Council Procurement Manual and Supporting Procedures **UNDER DEVELOPMENT**
- Delegation Manual **UNDER REVIEW**
- Conflict of Interest Policy
- Code of Conduct Policy for Elected Members
- Code of Conduct Policy for Employees
- Gifts and Hospitality Policy for Employees
- Significance and Engagement Policy

# APPENDIX 2 – Procurement Policy Map



# APPENDIX 3 – Procurement Policy Map Notes

## Note 1 – Existing Contracts

Where there are existing contracts in place with Suppliers, staff are required to honour them. This applies across the board, regardless of which group entered into the arrangement.

A summary of existing contracts that bind more than one group can be found on the Contracts Register.

## Note 2 – Cost and Associated Processes

### For purchases with the expected cost of greater than \$100,000

- The price is reasonable, and the Delegated Authority is satisfied that value has been demonstrated and recorded, and
- There is recorded evidence demonstrating due diligence has been done, to ensure 'price is reasonable'.
- Approval is sought from the person with the delegate authority (see Delegations Manual for confirmation) of the purchasing group.
- Quotes are to be in writing and procurement reasoning recorded under group areas.
- A 2-stage process of Registration of Interest (ROI) and Request for Proposals (RFP) will be considered when there is an expected cost of over \$200,000. When there is not a 2 Stage Process, there will always be a Request for Proposals (RFP) process used.
- A Two Stage Process of Registration of Interest (ROI) and Request for Proposals (RFP) **will always be followed when the expected cost is over \$200,000.**
- Quotes are to be in writing and procurement reasoning recorded under group areas.
- Minimum of two quotes are required.
- The level of diligence to correspond with the level of money being spent.

### For purchases with expected cost less than or equal to \$100,000

- The price is reasonable, and the Delegated Authority is satisfied that value has been demonstrated and recorded, and
- There is recordable evidence demonstrating due diligence has been done, to ensure 'price is reasonable'.
- Approval is sought from the person with the delegate authority (see Delegations Manual for confirmation) of the purchasing group.
- Quotes are to be in writing and procurement reasoning recorded under group areas.
- Three quotes preferred but minimum of two quotes are required.
- The level of diligence to correspond with the level of money being spent.

### For purchases less than or equal to \$25,000 and over \$5000

The following applies:

- Quotes are to be in writing and procurement reasoning recorded under Group areas.
- Two quotes preferred, but one quote acceptable as long as the rationale for this is sound as well as documented.
- Approval is sought from the person with the delegate authority (see Delegations Manual for confirmation) of the purchasing group.

### For purchases less than or equal to \$5,000

- Quotes are to be in writing and procurement reasoning recorded under Group areas.
- One to Two quotes preferred, however as long as the rationale is sound quotes are not required.
- Approval is sought from the person with the delegate authority (see Delegations Manual for confirmation) of the purchasing group.
- Petty cash for purchases under \$50, or
- A purchase order number. No recording is required as the invoice will be listed with the purchase order.

There are many ways to ensure price is reasonable. These are:

- Obtaining quotes from various suppliers for the same service or products.
- Comparison with previous purchases or work done.
- Published or advertised market rates.
- Discussion with other local authorities or organisations who have undertaken similar work.
- Independent professional advice of market rates (such as an industry consultant, quantity surveyor, accountant or other appropriate professional)
- Using a preferred supplier – See **Note 5 – Preferred Suppliers**

### **Note 3- Direct Engagement**

Approaching a single supplier without inviting competition from other suppliers to source goods or services needs to be justified and only used in certain circumstances such as where:

- Tendering is not practical, i.e. in an emergency.
- The required goods and services are available from only one source or only one supplier has the capability and capacity to deliver in the time required (must be able to be proven).
- Standardisation or compatibility with existing equipment or services is essential and can only be achieved through one supplier.
- Continuity of advice is required.
- There is a legislative requirement to use one supplier.
- The costs associated with any other form of procurement would be out of proportion to the value of the procurement of the benefits likely to be gained.

Where the same supplier is used repeatedly, it is expected that consideration will be given to the cumulative value of the purchases when considering the cost of alternatives.

If a supplier is directly engaged for whatever reason, these reasons need to be documented and prior approval obtained from the appropriate Group Manager.

The Council will keep records associated with the Direct Engagement approach and these are to be stored in a location that facilitates audit and other processes of accountability. As such, records are required, and these are to be maintained under the responsibility by the Department Manager.

### **Note 4 – NZ Government Contracts**

The Ministry of Business, Innovation and Employment (MBIE) is responsible for coordinating the Governments efforts around procurement for public sector agencies. There are three types of collaborative contracts available:

- Syndicated Common use contracts
- All of Government (AOG) contracts
- Common Capability (CC) contracts

Collaborative contracts allow eligible agencies, including agencies within the State Sector as well as local authorities and State funded schools, to purchase goods and services collectively. Each collaborative contract has a lead agency responsible for the procurement process and the resulting contract.

A collaborative contracts register is available on the New Zealand Government Procurement website and lists all the contracts that have been established.

<https://www.procurement.govt.nz/procurement/>

The process to join the contracts can also be found on the above website and depends on the type of contract involved. In order to access confidential contract information, a non-disclosure agreement has to be signed first.

For more information, email [procurement@mbie.govt.nz](mailto:procurement@mbie.govt.nz)

It is very important to evaluate what is offered before deciding whether to join up. A collaborative contract does not always provide best value for Council.

The Council will keep records associated with the NZ Government Contracts approach and these are to be stored in a location that facilitates audit and processes of accountability. As such, records are required, and these are to be maintained under the responsibility by the Department Manager.

### **Note 5- Preferred Suppliers Panel**

For some frequently sourced goods or services, the Council may have existing contracts in place with preferred suppliers (a list of eligible suppliers that staff may choose from). This may be more efficient than going through a separate procurement process each time an individual purchase needs to be made. Where there are existing contracts in place with preferred suppliers, Council is required to honour them.

To become a preferred supplier, suppliers must go through a formal selection process as defined by this policy. Preferred Suppliers are part of a panel of preferred suppliers for specific categories. Please note, frequently used or convenient suppliers are not preferred suppliers unless a formal process has been used to select and appoint them to the panel.

To establish a panel of preferred suppliers, the Council must:

- Run a competitive procurement process
- Note whether the panel is closed or open. Open panels can have further suppliers added to them, closed cannot.
- Note how many suppliers are expected to be on the panel.
- Note how many suppliers are added or removed from the panel
- Note how work will be allocated to panel members. Allocation must be in accordance with the approved method of allocation.
- Determine that the addition of the preferred supplier is based on demonstrated value.

The Department Manager will coordinate the Preferred Supplier Panel. A list of Preferred Suppliers can be found here: [www.greydc.govt.nz](http://www.greydc.govt.nz)

The Council will keep records associated with the Preferred Supplier approach and these are to be stored in a location that facilitates audit and other processes of accountability. As such, records are required, and these are to be maintained under the responsibility by the Department Manager.

### **Note 6 – Purchase Orders**

Purchase orders must be raised for all purchases of goods and services, and the purchase order number should be quoted on the Suppliers invoice for it to be paid. Any exceptions must be approved by the Corporate Services Manager.

Under no circumstances may staff make private purchases using Council purchase orders.

### **Note 7 – Contract Management and Review**

Contract Management is about ensuring what has been agreed in the contract is delivered, on time, to the appropriate quality standards, and within the agreed price. It requires clear specification of requirements at the beginning, for example key performance indicators for service contracts. It also means actively tracking and monitoring delivery and costs, managing risks and managing the supplier relationship throughout the contract.

Contract reviews provide the opportunity to assess how well the objectives have been met and where any improvements can be made in future. In long term contracts, it may be helpful to have specified review points throughout the term of the contract.