

PROCUREMENT POLICY

Section	Strategy, Finance, Information Technology and Commercial Operations
Contact	Chief Procurement and Contract Officer
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Purpose:

The purpose of this policy is to ensure the University obtains optimal value through ethical, robust, transparent and fair procurement activities, leading to sound decision making whilst being conducted efficiently and effectively throughout the University.

Scope and Applicability:

This Policy applies to all University staff, contractors or consultants undertaking procurement activities on behalf of the University, including:

- Procurement Activity whether they are internally or externally funded
- Procurement using research grant monies, whether funded from internal or external sources
- Whether it is Capital and Operating Expenditure
- Purchased and leased acquisitions

Policy:

- 1.1. All procurement decisions must seek to obtain value for money, taking into account the Total Cost of Ownership (TCO), appropriate quality, fit for purpose and management of risk.
- 1.2. Procurement must be conducted in an ethical and transparent manner, free from unmanaged Conflicts of Interest, to ensure the quality and integrity of the decision making process, and to meet the accountability requirements of public entities.
- 1.3. The procurement processes and methodologies to be applied will match the level of value, complexity and risk to the University, adhere to the Government Rules of Sourcing and adhere to the University's Procurement Guidelines and Procedures.

- 1.4. Each reporting line must submit an Annual Procurement Plan (APP), which identifies significant procurement requirements in excess of \$100,000 TCO, for the forth-coming year. APPS are to be submitted on the approved template, provided by the Procurement and Contract Office.
- 1.5. All Procurement Activity must be authorised by a staff member with the appropriate financial delegation, using an approved University purchasing methodology, in accordance with the specified operative framework detailed in section 2.0 of this Policy.
- 1.6. The following good practice principles must be adhered to throughout all stages of the procurement process, including the evaluation, negotiation, execution and management of any associated Contract. These are:
 - Use of a competitive process wherever possible
 - Transparency of the process
 - Identification and resolution of Conflicts of Interest
 - Fairness and impartiality
 - Privacy and confidentiality
- 1.7. Procurement Activity should be cognisant of the University's aspirations in respect of being a Te Tiriti led University. In practice, this means ensuring appropriate levels of engagement and consultation with Māori (within the University and/or local iwi) prior to approaching the market, when developing needs analysis and where possible inclusion of Māori representation on evaluation panels.
- 1.8. When procuring goods and/or services the University will consider its overall sustainability goals:
 - Strategies to avoid unnecessary consumption and manage demand
 - Minimising environmental impacts of the goods/services over the goods/services whole-of-life
 - Providers' socially responsible practices including compliance with legislative obligations to employees
 - Value for money whether for goods or over the whole-of-life for contracted services, rather than just the initial cost

2.0 Procurement Framework

- 2.1 Where the University has entered into Contracts with Preferred Suppliers and/or Panel Agreements, these providers must be used, in the first instance, for all procurement within that category. A list of Preferred Suppliers and Panel Agreements by category will be published on the staff intranet and maintained by the Procurement and Contract Office.
- 2.2 Where a Preferred Supplier or Panel Agreement cannot fulfil the necessary requirements, the process in Section 4.0 applies.
- 2.3 Where there is no Preferred Supplier or Panel Agreement in place for a particular category, the following minimum quotation and procurement process must be followed when procuring goods and/or services on behalf of the University:

Spend Threshold *	Requirement
Up to \$5,000	A single quote is acceptable however the principle of at least 3 quotes may be appropriate to validate fair value and transparency
\$5,000 - \$20,000	Three written quotes are required
\$20,000 - \$100,000	At least three written quotes (selection must be justified and authorised by the purchasing authority)
Over \$100,000	Contestable Procurement Process (refer 4.0 of this Policy)
Over \$250,000	Contestable Procurement Process for Construction Projects
* Total Cost of Ownership (TCO) over full term of the commitment including any periods of renewal	

- 2.4 Any purchase with a value greater than \$20,000 but less than \$100,000, where only one quote is available, must be supported with the rationale for selection and submitted along with the quotation by email and approved by the relevant Delegated Authority. The relevant documentation pertaining to this purchase must be retained for audit and review purposes.
- 2.5 Procurement of goods and services of \$100,000 and above must be supported by a Procurement Plan and will be subject to approval by the Procurement and Contract Office.
- 2.6 Where a Contestable Procurement Process is required, the University's Default Procurement Methodology must be followed.
- 2.7 Approval to depart from the Default Procurement Methodology must be provided by the Tenders Board (or equivalent Board) prior to any Procurement Activity commencing.

3.0 Roles and Responsibilities

- 3.1 **University staff and contractors undertaking Procurement Activity** on behalf of the University are responsible for ensuring that the process is managed in accordance with this Policy and the associated Procurement Guidelines and Procedures. Staff leading a Contestable Procurement Process must follow the Default Procurement Methodology unless otherwise approved by the Procurement and Contract Governance Board.

3.2 The **Procurement and Contract Office** has responsibility for:

- Providing expert guidance and support, including strategic sourcing, facilitation of end-to-end procurement process and negotiations
- Support with Contract development
- Developing and maintaining fit-for-purpose templates, guidance materials and training to staff in good practice procurement
- Providing support to the Tenders Board
- Updating the Procurement and Contract Governance Board throughout the tender process
- Identifying and reporting on emerging procurement risks
- Providing information to governing bodies on significant planned Procurement Activity
- Seeking approval for exemptions and deviations from standard practice where required
- Provide periodic reporting on procurement process and initiatives

The Procurement and Contract Office are responsible and accountable for ensuring all public facing procurement documentation meets the required quality standards and will authorise all tender documentation for release. This function includes:

- Input into the commercial aspects of tender documentation
- Confirming evaluation panels
- Confirming appropriateness of evaluation criteria
- Confirming appropriateness of draft Contract (where necessary)
- Ensuring robust tender and evaluation processes are specified and conducted in accordance with best practice
- Retaining all associated contestable procurement documentation

3.3 The University will establish and operate a **Procurement and Contract Governance Board (currently named Tenders Board)**, with responsibility to:

- Ensure the University makes robust spending and investment choices
- Approve evaluation recommendations of all Contestable Procurement Processes, unless otherwise delegated
- Monitor value and performance from selected contractual arrangements that arise from strategic Procurement Activity
- Ensure all procurement and contract management activity complies with associated policies and the principles of best procurement practice
- Monitor risk associated with procurement and contracting activity
- Authorizing deviations from the default procurement process

4.0 Contestable Procurement Process

4.1 For all Procurement Activity above \$100,000, a Procurement Plan is to be completed and is subject to approval by the relevant manager.

- 4.2 Contestable Procurement Processes are initiated under the guidance and facilitation of one or more University Procurement Specialists within the Procurement and Contract Office; who will initiate working group/s to be comprised of technical experts and key stakeholders as appropriate.
- 4.3 Use of the University's approved RFX templates are mandatory unless advised otherwise by the Procurement and Contract Office, or as approved with the Procurement Plan and accepted by the Procurement and Contract Governance Board. Templates will be available through either the Procurement and Contract Office or the staff intranet.

[The standard RFX templates are not suitable for a number of construction procurement activities, therefore, given the specialist nature of the category, bespoke RFX templates may be required as deemed appropriate. Any bespoke templates must fully align to the following industry standard and will still be subject to quality review and approval by the Procurement and Contract Office prior to release].

- **NZS 3910:2013** Conditions of contract for building and civil engineering construction
Note: Provides a standard form of general conditions of contract for incorporation into construction Contract documents. It enables Principals, Engineers, and Contractors to quickly establish contractual arrangements that deliver a wide variety of building and civil engineering projects. An independent engineer is required unless otherwise agreed with Procurement and Contract Office.
 - **NZS 3915:2005** Conditions of contract for building and civil engineering construction (where no person is appointed to act as engineer to the contract)
Note: Provides a New Zealand standard Procurement of Goods and Services contract form in plain English, for incorporation in building and construction contract documents, in situations where the client (Principal) administers the contract directly.
 - **NZS 3916:** Conditions of contract for building and civil engineering - Design and Construct
Note: Provides a standard form of general conditions of contract for incorporation into construction contract documents. This standard is similar to NZS 3910:2013, but has been adapted to provide for the situation where the Contractor is responsible for design as well as construction.
 - **NZS 3917:2013** Conditions of contract for building and civil engineering - Fixed Term
Note: Intended for use when contracts are let for maintenance or other building or engineering works where the contract is intended to run for a defined period of time, as opposed to a contract for a defined scope of work. It might also be used for the provision of services (other than design) such as inspection and testing, cleaning, painting, preventative maintenance, repairs, or renewal of components within completed works, submitting a response (e.g. post, electronically), location, closing date and time.
- 4.4 The University's Default Procurement Methodology is to conduct an open competitive procurement process for Procurement Activity in excess of \$100,000 in accordance with Government Rules of Sourcing. This is in keeping with its responsibility as a public entity and the objective of promoting open, fair and effective competition.

4.5 If, in exceptional circumstances under the advice and guidance of the Procurement and Contract Office, another procurement methodology may be more appropriate, the following alternative methods of procurement may be advised:

- Closed tender
- Selective procurement (subject to approval by the Procurement and Contract Governance Board)
- Syndicated procurement
- All of Government and common capability contracts (secondary procurement process may be necessary)
- Exceptions to the Default Procurement Methodology will be detailed in the Procurement Plan and approved by the Procurement and Contract Governance Board.

5.0 Training

5.1 All University staff engaged in procurement must maintain minimum standards of procurement competency and be able to reasonably demonstrate practical knowledge of process and its application.

5.2 Training in good practice procurement will be provided annually as part of the Staff Development Calendar.

6.0 Procurement Documentation/Records Management

6.1 The University must keep records of each procurement for at least three years from the date the Contract was signed by all parties. The records must document the procurement process (including all decisions); the Contract awarded and include all recommendations. Reports are to comply with the Records Management obligations.

7.0 Assurance

7.1 The Risk and Assurance Office will periodically facilitate independent audits of University procurement practice to assess the effectiveness of, and compliance with, the Procurement Policy and Procedures, and industry best practice as required.

7.2 The Procurement and Contract Office will undertake periodic reviews of University Procurement Activity as necessary to optimise value for money, obtain service benefits and manage risk.

Definitions

Annual Procurement Plan (APP) is a planning document containing a rolling list of procurements that are planned to start in the next 12 months.

Capital Expenditure is the purchase of assets of a capital nature (i.e. not consumed in a twelve-month period and which will be used on a continuing basis) over \$2,000 based on the GST-exclusive invoice value. Operating leases are treated as capital expenditure.

Conflicts of Interest are situations in which a person has a duty to more than one person or organisation, but cannot do justice to the actual or potentially adverse interests of both parties. This includes (but not limited to) when an individual's personal interests or concerns are inconsistent with the best for a customer, or when a public official's personal interests are contrary to his/her loyalty to public business.

Contract refers to any agreement that commits Massey University in legal and/or financial terms.

Contestable Procurement Process is also known as a competitive procurement process where a bid is issued with the intent that suppliers will put together their best proposal and compete for a specific requirement creating a transparent environment that is open and fair.

Default Procurement Methodology is to conduct an open competitive procurement process for Procurement Activity in excess of \$100,000 in accordance with Government Rules of Sourcing.

Delegated Authority is the authority to commit expenditure as stated in the University's Delegations of Authority policy. The granting of authority to execute financial transactions for an agreed purpose within a set financial limit.

Operating Expenditure covers items with a consumption period of less than a year. The definition includes equipment costing less than \$5,000 and computing equipment costing less than \$1,000.

Panel Agreement is a type of framework agreement that governs the relationship between the University and each Preferred Supplier. It sets out the terms and conditions (including pricing) that the parties agree to contract on in the event that the Preferred Supplier is allocated a contract to provide specific goods, services or works.

Preferred Supplier is a provider with whom the University has entered into (or intends to enter into) a formal contract for the supply of products or services.

Procurement and Contract Office is the University's centrally operated business unit whose role is to provide expert procurement services, advice and support to the Chief Procurement and Contracts Officer and the University.

Procurement and Contract Governance Board (Currently Tenders Board) is a centrally operated forum whose role is to approve the release of all tenders over \$100k and the subsequent procurement process, and provide governance to procurement strategies, outcomes, compliance and activities.

Procurement Plan is a plan to analyse the need for specific goods, services or works and the outcome the University wants to achieve. It identifies an appropriate strategy to approach the market, based on market research and analysis, and summarises the proposed procurement process. It usually includes the indicative costs (budget), specification of requirements, indicative timeline, specified evaluation criteria and weightings.

Quotation is an offer to provide goods or services at a fixed price for a defined period of time.

Rfx is a generic term which is one of the most common acronyms in strategic sourcing and procurement, and captures all references to: Request for Information (RFI), Request for Proposal (RFP), Request for Quote (RFQ) and Request for Tender (RFT).

Senior Leadership Team Members is the team of individuals at the highest level of management of the University who have the day-to-day tasks of managing the organisation.

Total Cost of Ownership (TCO) is a calculation of the financial costs associated with buying and using a good or service. TCO takes into account the purchase price, but also considers related costs such as; ordering, delivery, and subsequent consumables and/or maintenance.

University means Massey University.

Probity refers to honest, proper, fair and ethical conduct.

Procurement refers to the acquisition process for goods and services supplied to the University and its population.

Procurement Activity is the process of finding, agreeing terms and acquiring goods, services or works from an external source, often via a tendering or competitive bidding process. The process is used to ensure the buyer receives goods, services or works at the best possible value for money, when aspects such as quality, quantity, time, and location are compared.

Procurement of Goods and Services is the purchase of goods and services through a Procurement Activity.

Working Group refers to the group of persons who have been assembled to work on Procurement Activity.

Relevant Legislation

- [Health and Safety at Work Act 2015](#)
- [Official Information Act 1982](#)
- [Public Finance Act 1989 and the Financial Reporting Amendment Act 2006](#)
- [Public Records Act 2005](#)

Legal Compliance

Official Information Act 1982: The purposes of this Act are consistent with the principle of the Executive Government's responsibility to Parliament, to increase progressively the availability of official information to the people of New Zealand in order to provide for proper access by each person to official information relating to that person; and to protect official information to the extent consistent with the public interest and the preservation of personal privacy.

Public Finance Act 1989: The purpose of the Public Finance Act is to provide a framework for parliamentary scrutiny of the Government's expenditure proposals and the Government's management of its assets and liabilities. It also clarifies the lines of responsibility for effective and efficient management of public financial resources, spells out minimum reporting obligations of Ministers and Departments and safeguards public assets by providing control over the borrowing of money.

Public Records Act 2005: Provides for the selection of public records and archives for creation, maintenance and retention. The Act directs that public records and archives can only be destroyed and disposed of with the authority of the Chief Archivist. Contracts are deemed as Vital Records under the Act.

Health and Safety at Work Act 2015: Procurement decisions must consider and identify any Health and Safety requirements. Under the Health and Safety in Employment Act 2015, it is a statutory requirement to complete a hazard assessment for any new or modified equipment, material, service or new work process.

Related Procedures / Documents

- [Business Case Policy](#)
- [Contract Management Policy](#)
- [Contract Management Procedure](#)
- [Delegations of Authority Policy](#)
- [Discretionary Expenditure and Gifts Policy](#)
- [Financial Monitoring and Control Policy](#)
- [Health, Safety and Wellbeing Policy](#)
- [Health and Safety Procurement Procedures](#)
- [Policy on Staff Conduct](#)
- Procurement and Contract Governance Board Terms of Reference (
- Procurement Guidance
- Procurement Procedures
- Procurement Templates
- [Rules of Sourcing \(the rules\) 2013, Ministry of Business, Innovation and Employment](#)



Document Management Control

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