

Procurement Policy

- **Rules and thresholds for council procurement**
- **Rules regarding Elected Members involvement in procurement**
- **Rules regarding payment terms and purchase orders**

Purpose

The purpose of this policy is to guide the Northland Regional Council's (council) procurement process, ensuring consistency, transparency, and alignment with legislation resulting in sustainable, cost effective procurement.

Scope

This policy applies to all staff, consultants or contractors performing procurement activities on behalf of council. It covers processes associated with the purchasing of goods and services along with the needs, planning, and sourcing of goods and services.

Policy Statement

1. Principles

Council will generally align with the principles of [Government Procurement and Government Procurement Rules](#) when planning, sourcing, and managing procurement.

2. Objectives

- Effective, efficient, value-added procurement.
- Sustainable procurement, and value for money over the lifetime of the goods, works and services council buys.
- Fair and effective management of council suppliers and service providers with appropriate internal controls.
- Promotion of local procurement.
- Procurement practices that reflect the councils commitment to Te Tiriti o Waitangi.

3. Exclusions to this Policy

- Employment agreements
- Day to day treasury management
- Grants, gifts, and koha ([Koha Policy](#), [Grant Funding Policy](#), [Gifting and Reward Policy](#))
- Disposal or acquisition of land and interests in land (including leases and licences)
- Disposal of assets (other than land and interests in land). ([Asset Management Policy](#))
- Projects when Council is engaged with other bodies, councils or consortiums, and council is not the lead agency for the procurement.
- Legal services can be obtained without the need to tender or obtain written quotations; however, the principle of value for money needs to be robustly applied when engaging legal services.

- All of government contracts/suppliers are exempt from the requirement to tender or obtain multiple written/verbal quotations as they have already completed this process with the lead Government Agency. Contract specific guidance is provided by the lead agency when using these contacts.

The Chief Executive Officer (CEO) has the authority to approve any form of procurement that varies from that set out in this policy, including, but not limited to, procurement rules/thresholds, method of procurement and any other aspects of procurement.

4. External Funding

In the case of external funding being provided to the council (such as NZTA, Ministry for the Environment, MBIE) council's procurement policy applies in the first instance, with any additional requirements the funder has applied in addition to this policy (not instead of).

There may be instances where council adopts addition policies or strategies as part of collaborative procurements or other funding arrangements (e.g. NZTA Procurement Strategy)

In the instances outlined above where requirements are in contradiction with this policy, a variation to the procurement policy must be sought, and signed by the CEO.

Key Considerations

5. Approved budget, delegations, and financial authority

All purchase processes must be entered in to with an approved budget, sufficient to cover the total cost of purchase and any related or ongoing obligations such as maintenance. Appropriate delegated authority for the expenditure must be observed. Delegation levels are based on the cumulative value of the contract or goods or services being procured.

6. Health and safety

Council is responsible for the health and safety of all staff and contractors working for Council. The assessment of the contractor's health and safety plans throughout the procurement and contract management process must be done in accordance with council's Health and Safety policies and procedures.

All new suppliers and contractors must go through council's health and safety approval process.

7. Practical considerations

Where possible Industry Standard Tender and Contract templates will be used. e.g. Procurement NZ RFx templates, NZS 3910 construction contracts. If no industry standard template is available, NRC tender and contract documents are to be used. e.g. NRC Short Form Agreement.

Supplier agreements can be used but must be legally reviewed where they do not align with NRC standard contract terms and conditions.

Any use of non-standard NRC contracts must be legally reviewed.

Risks of the procurement process and contractual agreement will be identified, managed and mitigated.

Where a significant risk is identified or there are significant issues with respect to contractual terms, staff are required to obtain legal guidance before proceeding with, or completing, procurement.

8. Promotion of Northland Businesses

Council will identify opportunities for Northland businesses to participate in council procurement processes, engaging with Northland businesses, including Māori, Pasifika and social enterprises, ensuring evaluation of quotes and tenders reflects Councils commitment to contribute to Northland's local economy.

9. Members' Interests and involvement in procurement

Elected members and committee members are responsible for ensuring they are meeting the requirements of the Local Authorities (Members' Interests) Act 1968.

In accordance with the advice of the Auditor General, elected members will not be involved in the procurement process.

Unless approved by the Auditor-General, an elected member will be automatically disqualified from office if:

- they are "concerned or interested" in a contract or contracts with council; and
- the total payments made, or to be made, by or on behalf of council for the contract or contracts exceed \$25,000 in any financial year.

10. Confidentiality and intellectual property

Confidentiality and intellectual property obligations apply throughout the entire procurement process. Any non-public information or intellectual property disclosed or obtained during the procurement process such as pricing, technical specifications, commercial strategies, or proprietary methodologies, must be protected from unauthorised use or disclosure. This obligation continues indefinitely and survives the end of the contractual relationship.

Legal advice must be sought where a conflict is identified between confidentiality and statutory requirements for disclosure and consultation (For example, disclosure obligations under the Local Government Official Information and Meetings Act 1987 balanced with the protection of sensitive information.)

11. New Zealand government contracts (collaborative contracts)

The Ministry of Business, Innovation and Employment (MBIE) is responsible for coordinating the Government's Collaborative Contracts.

Council is eligible to purchase goods and/or services under these supply agreements.

12. Record keeping and reporting

Full records of all procurement processes and decisions must be kept. Procurement records will be kept in the approved enterprise management and content systems (e.g. SharePoint).

All procurement over \$100,000 will be reported to Council's Audit and Risk committee as part of a standing six-monthly report. Reporting will include the value of the contract, the vendor, and

what the contract was awarded for. All parties must be informed of this requirement as part of the procurement process.

The \$100,000 threshold for reporting pertains to the cumulative value of the contract or goods or services being procured.

13. Management Review and Sign Off

- Delegation levels are based on the cumulative value of the contract or goods or services being procured. Any contract variations will be an addition to the cumulative value.
- All procurement transactions must be approved in accordance with the council's Delegation Manual. The principle of approval by a more senior person (the "one up" principle) shall always be applied.
- Where a procurement contract requires council to sign a confidentiality or non-disclosure agreement, the relevant Group Manager must sign, or approve the signing of, such an agreement in accordance with the Council's Delegation Manual. However, if the information under a confidentiality or non-disclosure agreement is in the public interest to be released it could be under the Local Government Official Information Act 1987.

14. Procurement Thresholds

- Council's standard procurement processes are based on the below monetary thresholds and rules.
- Any formal tender or Request for Quote (RFQ) may be invited by e-tender such as Government Electronic Tender Services (GETS) or other approved services.
- New Zealand Government Contracts satisfy the requirement for open competition and may be used in place of a formal tender or request for quote as above.
- Tenders of a value above \$250,000 will be referred to the Tender Committee, consisting of the CEO (or in their absence the Deputy CEO) and the Deputy CEO (or in their absence another General Manager as delegated by the CEO or acting CEO). The committee will have the power to award a tender outright or to refer tenders to council for approval as they see fit.

Procurement Thresholds	
Procurement between \$0 and \$1000	A written quote and/or receipt must be linked to the purchase order or uploaded into the credit card system.
Procurement between \$1,000 and \$10,000	A minimum of one written quotation is required. The most advantageous quote or offer of service to council shall be selected.
Procurement between \$10,000 and \$100,000	Use either: • An existing preferred supplier or panel of supplier's as defined in the Procurement Framework

- When using a preferred supplier, staff must continually check that they are still delivering value for money.
- NZ Government Contracts
- 2 written quotes
- Tender/RFP

The relevant group manager may approve the procurement based on a single quotation in the instance where:

- a. two written quotes have been sought but less than two have been received; or
- b. the tender is unsuccessful

In such circumstance the reasons for the exemption must be clearly recorded for auditing purposes following the filing structure set out in the contract management framework.

Procurement between \$100,000 and \$250,000

Use either:

- An existing preferred supplier or panel of supplier's arrangement or,
 - When using a preferred supplier, staff must continually check that they are still delivering value for money.
- NZ Government Contracts or,
- 3 written quotes or,
- tender/RFP.

The relevant group manager may approve the procurement based on a single quotation in the instance where:

- a. three written quotes have been sought but less than three have been received; or
- b. the tender is unsuccessful

In such circumstance the reasons for the exemption must be clearly recorded for auditing purposes following the filing structure set out in the contract management framework.

Procurement in this threshold may receive legal review prior to approval.

Procurement in excess of \$250,000

A formal tender or RFQ is to be invited by GETS or other approved electronic tendering service.

The Tender Committee, consisting of the CEO (or in their absence the Deputy CEO) and the Deputy CEO (or in their absence another General Manager as delegated by the CEO or acting CEO) will approve the procurement award or refer to council to award.

Procurement in this threshold is to receive legal review prior to approval.

15. Rules applying to the procurement thresholds

- NRC procurement objectives under point 3 of this policy apply to all thresholds.
 - When giving effect to point 8 of this policy (Promotion of Northland Businesses), staff must apply a 10% weighting to local procurement when evaluating suppliers.
- Clear detailed specifications are to be provided to suppliers when requesting written quotations.
- Staff must score suppliers in line with guidance provided in NRC standard evaluation templates.
- If staff are not accepting the best scoring supplier during evaluation, then the reasons must be documented and forwarded to the group manager or CEO for acceptance and sign-off.

- In such circumstances where the value of the contract exceeds \$50k it will be reported to the next Audit and Risk Committee.
- Staff must operate within their level of financial delegation and shall only accept tenders or quotes within the limit of their approved financial delegation. (The one up approval principal applies).
- When evaluating quotes that do not have weighted criteria, consideration should be given to:
 - Price and Value: Is the cost reasonable for the quality offered?
 - Scope & Clarity: Is it clear what is included/excluded?
 - Compliance: Does the contractor meet any required standards?
 - Reputation: Is the supplier reliable and experienced? Consider asking for references.
 - Terms & Conditions: Ensure payment, warranty, and conditions are reasonable.
 - Delivery: Can they deliver within our project timeframes?
 - Risk: Ensure insurance and contingency plans are in place.
 - Support: Ensure the required ongoing support/service is taken into account.

16. Purchase Orders

Purchase orders must be raised before procuring goods or services and be reflected on all invoices to support transparent and efficient procurement processes while ensuring internal delegations and controls are followed. There are limited exclusions to this such as utilities or when using a credit card.

17. Payment Terms

Council's standard payment terms are the 20th of the month following the date of invoice. Unless required otherwise by law, council may agree to alternative payment terms that benefit the Council. Any non-standard terms of trade must be approved by the Finance Manager, Corporate Services.

18. Supplier Payments

To manage and provide certainty around Council's cashflow:

- Payments to Council suppliers, will be processed on the 20th of the month (or earliest business day prior if the 20th is a public or Council holiday). Payments to Council suppliers with approved alternative payment terms will be processed on Wednesdays and Fridays only.
- Payments to KMR suppliers, will be processed on the 20th of the month (or earliest business day prior if the 20th is a public or Council holiday). Payments to KMR suppliers with approved alternative payment terms will be processed on Wednesdays only.

19. Tendering

Tendering procedures are outlined in the [Procurement Framework](#).

Essential supporting information

Key relevant documents

- [Asset Management Policy](#)
- [Gifting and Reward Policy.pdf](#)
- [Government Electronic Tender Services](#)
- [Grant Funding Policy](#)
- [Koha Policy](#)

- [Principles, charter and rules](#)
- [Procurement Framework 2023.docx](#)
- [Māori Expertise Procurement Policy](#)