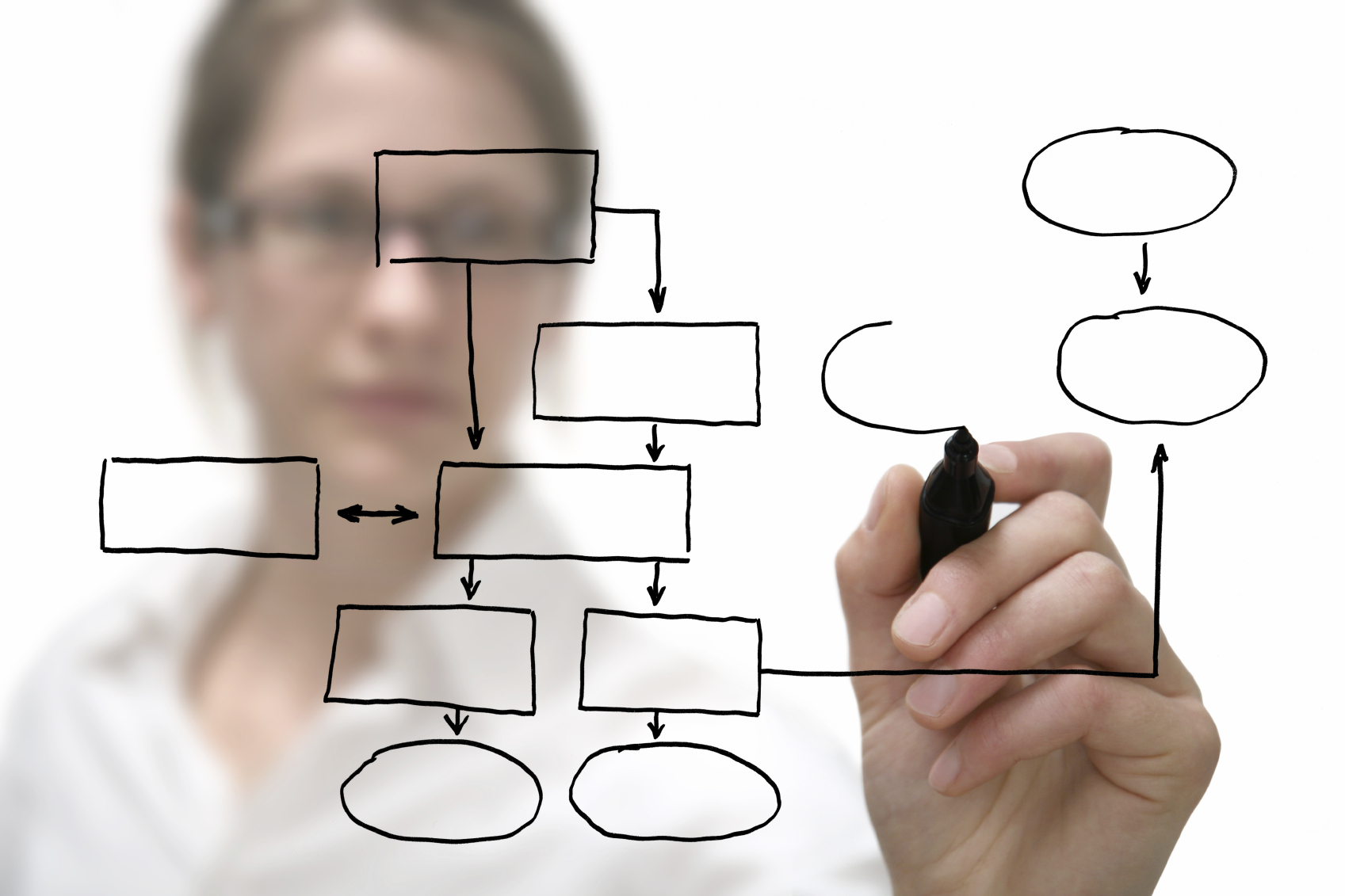
|  |
| --- |
| **Model procurement policy and procedures** |



**Needs**

**Plan**

**Source**

**Manage**

**Improve**

**Review**

[Date]

|  |
| --- |
| User notes This policy model applies the New Zealand Government’s *Principles of Government Procurement* and the *Government Rules of Sourcing* to the three stages of procurement – planning, sourcing and managing*.* You can customise it to meet your agency’s needs by typing over the highlighted areas and adapting the content.  Developing and launching a new procurement policy for your agency is an opportunity to get people thinking about good procurement practices. It can also lead into discussion about achieving better value-for-money by taking a strategic approach to managing spend.  Before you begin customising the policy, it may be helpful to discuss with your executive team:   * how procurement supports your agency’s purpose and the delivery of its strategic priorities * how the above is reflected in the policy * how good procurement practices can benefit your agency * who your agency’s buyers are, what they need to know and how this information is covered in your policy or procedures * how you intend to support procurement activity across your agency.   Procurement is often an agency-wide activity, so consider asking your chief executive officer (CEO) to write a forward for your policy that highlights key messages.  The model policy does not include detailed procurement procedures. The scale, complexity and risks involved in procurement vary widely between agencies – so there is no overall approach for everyone. If your procedures need to be updated for consistency with the *Government Rules of Sourcing*, you can:   * use other agencies’ examples to help by visiting [www.procurement.govt.nz](http://www.procurement.govt.nz) * email [procurement@mbie.govt.nz](mailto:procurement@mbie.govt.nz) for assistance*.* |

**Our procurement**

[This section explains what procurement is and why it is important to do it well. To customise it, describe how procurement contributes to your agency’s purpose and/or government priorities. If your CEO has written a forward, include it here.]

Procurement covers all the business processes associated with purchasing the goods/services/works we use to run our business and deliver our public service objectives. It starts with identifying our needs, then planning the best way to meet them; continues through sourcing the goods/services/works then managing the contract; and ends with expiry of either the contract or the asset’s useful life. Our agency has a mandate to [describe your agency’s purpose or key strategic objectives as outlined in its Statement of Intent and how procurement supports it].

**Purpose and scope**

This policy and [agency’s] procurement proceduresoutline the approach that [agency name’s] will take to planning, sourcing and managing its procurement. They must be followed by all our temporary and permanent employees, consultants and contractors. Any departure from this approach must first be approved by [add title(s)].

This policy does not apply to fixed-term and permanent employment contracts. For assistance with these, please contact [team/position title].

[If your agency routinely does other routine non-procurement activities that are not covered by the policy e.g. unconditional grants – you can add them here.]

**Our procurement objectives**

[The *Governmen*t *Rules of Sourcing* require a value-for-money approach to selecting suppliers. You can add other key objectives to reflect your agency’s purpose and priorities. The text below is an example.]

**Our procurement objectives**

* Get the best results from our spending, including sustainable value-for-money over the lifetime of the goods/services/works we buy.
* Raise performance standards through fair and effective management of our suppliers and service providers, to get the best public services for New Zealand.
* Help New Zealand businesses to grow capability and increase international competitiveness. We will achieve this by working with them to identify opportunities for innovation and continuous improvement in planning, decision making and ongoing contract management.

**How we work**

|  |
| --- |
| We will apply the *Principles of Government Procurement* and *Government Rules of Sourcing* when planning, sourcing and managing our procurement, as these set the standard for good practice (including financial thresholds and procedures for advertising procurement opportunities).  The way we buy goods/services/works will vary depending on the value, complexity and risk involved. We will apply the approach best-suited to the individual purchase, within the framework of the *Principles* and *Rules* – encouraging competitive tendering whenever possible.    *Principles of Government Procurement*  **1. Plan and manage for great results**  **3. Get the right supplier**  **2. Be fair to all suppliers**  **4. Get the best deal for everyone**  **5. Play by the rules**    *Government Rules of Sourcing*  For a copy, visit www.procurement.govt.nz => government-rules-of-sourcing***.*** Planning When planning procurement projects we will:   * use processes that are proportionate to the size, complexity and risks involved in the contract to get the best outcomes * make sure we have up to date knowledge about the market and the effect our procurement has on it * involve suppliers early in the process to explain our needs, learn about them and explore opportunities for new solutions before going to market * consider subcontracting opportunities in big projects, so small and medium enterprises can grow their business capability * ensure we have financial approval aligned with [agency name’s] financial delegations policy (at least in principle) before going to market.  Sourcing When we buy goods/services/works, we will:   * purchase off government collaborative contracts or [agency name’s] existing supply contracts if they can meet our requirements * give all suppliers a full and fair opportunity to compete – we will not discriminate on the basis of where suppliers come from or whether they have prior experience of working with government * choose suppliers that have demonstrated their ability to meet our requirements and offer the best value-for-money over the lifetime of the goods/services/works, taking into account: * all the costs of ownership over that lifetime * suppliers’ ability to deliver what we need at a fair price and on time * the social, environmental and economic effects of the deal * use approved government model templates as our default tender and contract documents * have an approved purchase order/agreement in place before the supplier starts delivering goods/services/works – except when using a purchasing card.  Contract management To get the best from our suppliers, we will:   * set clear performance measures, then monitor and manage the contract against them * encourage and recognise suppliers for delivering great results * work with suppliers to make on-going savings and improvements for both entities.  Meeting expectations To build effective relationships with suppliers we will:   * treat them all fairly and with respect * be consistent, transparent, fair and accountable in the way we work * be clear about what we require and how we will assess them before going to market * give sufficient response time for our requests * protect their commercially sensitive information and intellectual property * offer a debrief to unsuccessful bidders * pay invoices promptly.  Playing by the rules Our decisions and practices must be able to withstand public scrutiny at all times. Throughout our procurement activities we will:   * clearly record our planning, processes and decisions so they can easily be audited * document and manage conflicts of interest * identify risks and get the right person to manage them * act lawfully, ethically and responsibly.   Thresholds  Our standard procurement processes are detailed in [agency name’s procurement procedures and/or intranet] and are based on monetary thresholds.  **Goods, services and refurbishment works**   * [Under $x – buy directly from a suitable supplier]. * [$x to $100,000 – three quotes or closed tender]. * Over $100,000 – open tendering, using the Government Electronic Tender Service (GETS).   **New construction works**  [The *Government Rules of Sourcing* require open tendering for construction worth $10 million or more but you can set a lower threshold for your agency.]   * [$x to $x – three quotes or closed tender]. * Over [$10 million] – open tendering, using the Government Electronic Tender Service (GETS). |

**Roles and responsibilities**

[Roles and responsibilities for procurement activities vary between agencies and may be summarised in your policy or procurement procedures. The following is an example.]

[Agency name’s] managers are responsible for:

* managing their business unit’s purchasing requirements up to $100,000
* ensuring their staff apply [agency name’s] procurement policy and procedures.

Our [commercial services/procurement team] is responsible for all purchases over [$100,000] and can assist with lower value purchases on request.

Our legal team is responsible for drafting and approving contracts over [$x].

All staff are responsible for applying our procurement policy and procedures.

**Related procurement documents and law**

Procedures, policies and guidance

[This example is not an exhaustive list. You can expand it to meet your agency’s needs.]

* [Agency name’s] procurement policies and procedures.
* [Agency’s delegated financial authority policy].
* [Agency’s purchasing / credit card policy].
* [Agency’s code of conduct].
* [Agency’s gifts and hospitality policy].
* *Government Rules of Sourcing.*
* *Principles of Government Procurement.*
* *Procurement Guidance for Public Entities*, Office of the Auditor General.

Legislation

* Public Finance Act 1989.
* Commerce Act 1986.
* [Relevant sector specific legislation e.g. Crown Entities Act 2004].

**Policy owner**

This policy is the responsibility of [position title].

**Further information**

For more information on [agency name’s] procurement, please contact [position title or team name] via [phone number or email].