

# Procurement Policy



## POLICY REFERENCES

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|------------------------------------|---|
| • Sponsor:                         | Group Manager Engineering and Works                             |
| • Effective:                       | 1 November 2011   |
| • Internal review due:             |   |
| • Legal compliance:                | None – Management Policy  |
| • Associated Documents/References: | Procurement Guideline (#219811)<br>Procurement Manual (#219490) |
| • Policy Number                    | None  |

## Purpose

This document covers the policy and procedures for procurement of all works, goods or services by Gisborne District Council having regard to budget provisions in the Ten Year Plan/Annual Plan or by specific resolution of Council.

This policy also includes all funding arrangements with other parties such as grants and donations.

## Policy

Council will procure works, goods or services following the basic principles governing public spending of:

- **Accountability**

Council will be accountable for its performance and be able to give complete and accurate accounts of the use it has put public funds to, including funds passed on to others for particular purposes. Council will also have suitable governance and management arrangements in place to oversee funding arrangements.

- **Openness**

Council will be transparent in its administration of funds, both to support accountability and to promote clarity and shared understanding of respective roles and obligations between Council and any external parties entering into funding arrangements.

- **Value for money**

Council will use resources effectively, economically and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes Council is trying to achieve. In addition, the principle of value for money for procuring goods or services does not necessarily mean selecting the lowest price but rather the best possible outcome for the total cost of ownership (or whole-of-life cost).

- **Lawfulness**

Council must act within the law and meet its legal obligations.

- **Fairness**

Council has a general public law obligation to act fairly and reasonably. It must be, and must be seen to be, impartial in its decision-making. Council may also at times need to consider the imbalance of power in some funding arrangements, and whether it is significant enough to require a different approach to the way it conducts the relationship.

- **Integrity**

Anyone who is managing public resources must do so with the utmost integrity. The standards applying to public servants and other public employees are clear, and Council needs to ensure when funding other organisations that it expects similar standards from them.

In doing so, Council will carry out the funding and procurement of works, goods and services in a manner that will support Council's community outcomes, agreed levels of service, organisational goals, strategic challenges and its values.

## **Application**

The policy and procedures are intended to provide guidance for all staff (and others) who have delegated authority for procurement. It also applies to the considerations by Council, in its governance role, for funding and procurement and purchasing decisions.

Council requires that all procurement of works, goods or services valued over **\$50,000** (GST exclusive) will be subject to a competitive procurement process and the type of process (for example, seeking quotations or using a tender or proposal process), will take into account the level of risk and the type of works, goods or services to be procured.

It is noted that in the area of roading and transport procurement where there is New Zealand Transport Agency (NZTA) assisted funding, then Council will be guided by the NZTA Procurement Manual, both for physical works and professional services.

## **Procedure**

A Procurement Guideline has been developed and sets out the issues to be considered, the procedures to be followed and the methods of procurement. The Office of the Auditor-General has issued a publication entitled "Procurement Guidance for Public Entities" which has been referenced in the preparation of this Guideline.

The Procurement Guideline and Manual documents are referenced as EDRMS 219811 and 219490.

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**Authorised by**

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**Date of approval:**

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Facilitator: Engineering and Works Department

Date of approval:

Authorised by:

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