

**Policy:**

# Procurement Policy

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**Updated: June 2020**

**Next review: July 2023**

**Number: 3.1**

## Purpose

1. The purpose of this policy is to provide a framework for REA's procurement, contracting and contract management of goods and services.

## Scope

2. This policy applies to all staff of REA, including contract and temporary staff. This policy also applies to third parties that are engaged by REA to conduct or assist with procurement.
3. This policy encompasses all procurement of goods or services from all individuals and organisation.
4. The term procurement is used throughout this policy however the term purchasing is equally applicable and is interchangeable. Procurement covers all aspects of acquiring and delivering goods & services. It starts with identifying the need and finishes with either the end of a service contract or the end of the useful life and disposal of the asset.

## Background

5. As a Crown Agency, REA is required to apply the Government Procurement Rules (Rules)
6. Through these Rules, the Government seeks to support broader social, economic, cultural and environmental outcomes, as well as continuing to represent the government's standards of good practice during the procurement process.
7. The Rules are to be read alongside the Principles of Government Procurement (Principles) and, the Government Procurement Charter (Charter)
8. The five Principles are:
  - plan and manage for great results
  - be fair to all suppliers
  - get the right supplier
  - get the best deal for everyone and
  - play by the rules.
9. The Charter sets out Government's expectations of how agencies should conduct their procurement activity to achieve public value.
10. A full list of the Rules, as well as further information on the Principles and Charter can be found at <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/>

11. The Government Procurement Charter directs Agencies to:

- Seek opportunities to include NZ Business
- Undertake initiatives to contribute to a low emissions economy and promote greater environmental responsibility.
- Look for new and innovative solutions
- Engage with Business with good employment practices
- Promote inclusive economic development within NZ
- Manage risk appropriately
- Encourage collaboration for collective impact (across agency & across business).

## Policy Statement

12. All REA procurement activities must meet the requirements of this policy and associated procedures.
13. All decisions and authorisations are required to be made by a person holding an appropriate financial delegated authority in accordance with REA's financial delegations.
14. Where Government approved collaborative contracts and supplier panels are in place, REA must purchase from All of Government contracts unless there is a good reason not to.
15. Irrespective of the type of procurement being made, purchasing decisions and authorisations must be in accordance with the delegated authority of the person making the decision.
16. The selection of the correct procurement method is a key decision in any procurement. Procurement processes must follow recommended procurement method selection as per the decision-making flow chart (Appendix 1)
17. All staff members (and third parties involved in the process) must declare to their manager any personal interest that may affect, or could be perceived to affect, their impartiality in any aspect of their work.
18. All commercially sensitive information provided by existing and potential suppliers during the process (e.g. price information, intellectual property, etc.) must be treated appropriately including not being disclosed to any third party, including other REA staff, who are not required to know unless required under legal obligations (e.g. Official Information Act).

19. Documentation appropriately tailored for the type and method of procurement must be retained and filed in REA's document management system. This documentation is required to provide an audit trail on the activity undertaken, including the independent review/sign off by the authoriser.

### **Delegated Authority**

20. All decisions and approvals in a procurement are required to be made by a person holding an appropriate financial delegated authority in accordance with REA's financial delegations. 1.1 Delegated Authority Policy.
21. The key approval points in a procurement are:
- Authority to commence procurement (assurance that a budget is allocated)
  - Approval to release tender documentation (via a procurement plan)
  - Approval of evaluation recommendations
  - Authority to enter into contract
  - Authority to make payments on invoices
22. The supply of the goods or services must not commence until the contract has been approved and signed. Commencing supply of the goods or services prior to the contract being agreed may create a contractual situation even when a formal contract has not been signed.
23. Any proposed contract for the supply of goods & services must be reviewed by the Head of Corporate Services. If the contract is not a Government approved collaborative contract (e.g. AoG, Common Capability or syndicated) and the value exceeds the value of SLT delegated authority, legal advice must be obtained.
24. Where procurement costs exceed approved business plan budgets, additional approval must be obtained by a person with the appropriate delegated financial authority as soon as the likely cost overrun is identified and before any activities are undertaken outside of the originally approved budget. If the budget overrun means the total cost exceeds the original approving person's financial delegation, then approval for the revised costs and the associated contract variation must be obtained from a person with sufficient financial authority for the entire amount (i.e. original budget plus additional cost over runs).

### **Exclusions, exceptions and exemptions to this policy**

25. The following exceptions and exemptions apply to this policy as deemed not to be procurement activities:
- Employing staff (excluding the engagement of contractors or consultants)
  - Gifts, donations and unconditional grants
  - Investments, loans and guarantees

26. Where it is considered that an exception or exemption to this policy applies to a specific procurement, the reasons and supporting information must be documented in detail and approved by the Chief Executive.

### **Breaches of this Policy**

27. If a breach of this policy occurs, the manager and/or Chief Executive must be notified immediately. The manager and Chief Executive will take the necessary action to mitigate risk to REA, external organisations and/or to individuals. If the breach is deemed serious, the matter will be escalated to the Chair of REA's Audit and Risk Subcommittee, who will take appropriate action.

28. If a user is found to have breached this policy, either intentionally or unintentionally, action appropriate to the seriousness of the breach will be taken. Action may range from censure through to dismissal and criminal prosecution.

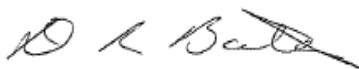
### **Monitoring and Review**

29. The Head of Corporate Services is responsible for maintaining this policy and it will be regularly reviewed to confirm it conforms to Government legislation and REA policies.

### **Policy review date**

30. The policy will be formally reviewed by the Head of Corporate Services at least every three years, with interim revisions as required to meet operational, organisational and legislative needs.

### **Authorisation**



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Denese Bates QC

Board Chair

Date: 12 August 2020

### **Appendix 1: Procurement Decision Making Flow Chart**

**Related policies that may impact on, or be impacted by this policy:**

- 1.1 Delegated Authorities Policy
- 2.1 Sensitive Expenditure Policy
- 2.7 Capital Expenditure Policy
- 7.7 Personal Gain Through Employment Policy

**Related document that may impact on, or be impacted by this policy:**

- 1.0 REA Project Governance Framework



## Appendix 1: Procurement Decision Making Flow Chart

**Note:** as a Crown Agency, REA is required to apply the Government Procurement Rules

### Which Procurement Method to Use When

