

Procurement policy

POLICY

UNCLASSIFIED

[NONE]

Purpose

The purpose of this policy is to ensure that the Ministry aligns to best practice procurement and enables public value by complying with the Government Procurement Rules.

This policy must be read in conjunction with the relevant related policy and standards for the work you are doing. E.g. [Contracting for grant funding standard \(IDC\)](#), [Planning procurement standard](#), [Conducting procurement standard](#), [Managing contracts standard](#), and the [Co-investment with private sector for development standard \(IDC\)](#).

Application

This policy applies to all who undertake procurement activity of any nature including:

- Ministry staff
- consultants
- contractors

The Procurement Policy does not apply to expenditure related to regulatory or statutory requirement such as:

- gifts, koha, donations, sponsorships and any form of unconditional grants;
- statutory and Ministerial appointments;
- disposal at the end of the useful life of an asset, including sale by tender;
- investments, loans and guarantees;
- core Crown legal matters; and
- employment of staff (but does apply to engaging contractors and consultants).

Responsibilities

The following roles have specific responsibilities under this policy:

Role	Responsibility
Delegated authorities	As set out in the Instrument of Delegation .
Senior Leadership Team	<ul style="list-style-type: none"> • Approving the policy. • Ensuring that each business group applies the policy consistently.
Financially Delegated Managers	<ul style="list-style-type: none"> • Ensuring they, their staff, and all people working in their team (including contractors and consultants), are familiar with and apply the policy and the use of the associated standards and processes.
All Ministry staff, consultants, and contractors	<ul style="list-style-type: none"> • Ensuring they understand the responsibilities that this policy and its associated standards and guidelines place upon them. • Applying the procurement policy, standards and supporting processes when procuring goods or services in the course of their duties.

Divisional Manager, Commercial Division	<ul style="list-style-type: none"> Enabling all Ministry staff, consultants and contractors to comply with the procurement policy, standards and supporting procedures, and that they are fit for purpose for good governance and procurement practice in the New Zealand government procurement context.
Audit and Risk Division	<ul style="list-style-type: none"> Providing independent and continuing assurance that the Ministry's internal control systems are adequate and effective. Testing compliance with the procurement policy, processes and supporting procedures on a sample basis.
Commercial Division	<ul style="list-style-type: none"> Providing professional, qualified procurement expertise, advice, and services. Maintaining and updating associated guidelines, procedures, and templates so that they remain fit for purpose.

Context

The Ministry's employees, consultants and contractors who perform any aspects of acquiring and delivering goods, services and works, regardless of the form of contract including grant or purchase orders are required to meet obligations to achieve public value through best practice procurement as laid out in the [Government Procurement Rules](#).

Principles

The Ministry will conduct all procurement fairly, ethically and defensibly in accordance with:

The [Government Procurement Rules](#) (The Rules), including the [Six Principles of Government Procurement](#) which require us to:

- plan and manage for great results,
- be proportionate and right-size the procurement,
- be fair to all suppliers,
- get the right supplier,
- get the best deal for everyone, and
- play by the rules.

and the [Government Procurement Charter](#) which directs us to identify our key priorities and seek to meet as many of these expectations as practical:

- deliver economic benefits to New Zealand,
- look for new and innovative solutions,
- engage with businesses with responsible business practices,
- promote inclusive economic development within New Zealand,
- manage risk appropriately, and
- encourage collaboration for collective impact.

Policy statements

All Ministry staff, consultants and contractors who perform any aspect of procurement are expected to follow the policy statements:

- The Ministry will illustrate compliance with the Rules for each of its procurement initiatives and use the default approach of open competitive sourcing for all initiatives with an anticipated contract value as specified in The Rules.

2. The Ministry will ensure that prior approval for any commitment to a contract or expenditure is sought before funds are committed, in accordance with the Ministry's [Instrument of Delegation](#).
3. The Ministry will ensure that New Zealand government's funds are used efficiently and effectively, in accordance with the [Accepted budget expenditure policy](#).
4. The Ministry will act with integrity in its procurement activities. This includes:
 - ensuring fair, transparent and reasonable processes
 - acting lawfully, impartially and responsibility
 - conducting appropriate due diligence
 - documenting justification and rationale to support decisions
 - being accountable for actions and decisions
 - protecting personal, commercial and confidential information
 - preventing, detecting and responding to corruption threats
 - protection for whistle-blowers
5. The Ministry will maintain probity and integrity in all business relationships, identifying, declaring and appropriately managing actual, perceived and potential conflicts of interest.
6. The Ministry will consider opportunities to deliver economic benefits to New Zealand.
7. The Ministry will apply appropriate levels of risk management across our procurement activities including the avoidance of sensitive engagements of consultants or advisers unless necessary.
8. The Ministry will not procure, directly or indirectly (including through subcontractors), any suppliers, firms, institutions, or organisations that appear on any of the following lists: [UN sanctions | New Zealand Ministry of Foreign Affairs and Trade \(mfat.govt.nz\)](#), [New Zealand Police list of designated terrorists](#), the World Bank [List of Ineligible Firms and Individuals](#), or the [New Zealand Russia Sanctions Register](#).
9. The Ministry will reflect on procurement activity to identify lessons learnt and share with others, as appropriate, to avoid recurrence of things done poorly and encourage adoption of things done well.
10. The Ministry will appropriately manage its suppliers and contracts according to its anticipated contract value and risk profile.
11. The Ministry will ensure that adequate written or electronic records are retained to enable appropriate scrutiny of procurement activity, including all decisions, the contract awarded, recommendations and reports.

Exceptions management and consequences of policy breach or non-compliance

Any deviation from this policy must be approved in advance by the appropriate authority as defined in the Instrument of Delegation. If this is not specifically defined in the Instrument of Delegation, then the Deputy Secretary of the relevant division where the deviation is to occur must approve any deviation in advance. The deviation must be notified to the policy owner and sponsor, and the Divisional Manager, Audit and Risk.

Unauthorised breaches of this policy may be viewed seriously by the Ministry as a breach of the Code of Conduct. The Code of Conduct states that "employees are expected to fully comply with Ministry policies in their work". Depending on the circumstances, breach of this policy may result in disciplinary action, up to and including dismissal. Any such breaches should be notified to the policy owner and sponsor and the Divisional Manager, Audit and Risk.