



OTAGO POLYTECHNIC COUNCIL POLICY		Number: CP0013.03
Title:	Procurement and Purchasing	
Classification:	Operations	
Chief Executive Approval:	Effective Date: 2 August 2019	Review Date: 1 July 2020
Previous Policy No:	MP0314, MP0360	Status: Current
Contact Authority:	Deputy Chief Executive Corporate Services	

Purpose

To ensure a standard procurement practice for Otago Polytechnic that is professional, fair, transparent, efficient and effective, and conserves funds through the reduction of costs and improvement in quality of goods and services purchased.

Statutory Compliance

Procurement Guidance for Public Entities – Office of the Controller and Auditor General 2008
<http://www.oag.govt.nz/2008/procurement-guide/docs/procurement-guide.pdf>

Policy

1. All procurement at Otago Polytechnic will aim to ensure a tension between:
 - a. Procurement Efficiency – reducing the internal costs associated with the end-to-end function of procuring goods and services
 - b. Procurement Effectiveness – reducing the total cost of ownership of the external procurement spend, and
 - c. Procurement Customer Service – providing best value materials and service to internal customers on time, to specification, above expectation and with social responsibility.

2. All procurement and purchasing should comply with the government’s Procurement Guidance for Public Entities section 2.3 ,and in particular reflect the following principles which require procurement and purchasing processes to:
 - a. Be open, transparent and free from conflict of interest
 - b. Provide for open and effective competition
 - c. Deliver outcomes which fit within the Polytechnic’s strategic and financial priorities
 - d. Provide the best value for money over the whole of life of the item purchased
 - e. Harness the purchasing power of the Polytechnic through the use of preferred supplier arrangements (corporate contracts) and All of Government Contracts
 - f. Consider the principles of sustainability and Fairtrade.
 - g. Consider the outcomes from previous purchases or procurement with any prospective supplier
 - h. Manage risk effectively and comply with all relevant legislation
 - i. Comply with the Polytechnic’s operational procedures for procurement including electronic tendering and communication

3. While the financial value of goods/services is the primary determinant of the purchasing/procurement method (as set out in the table in clause 4 and with reference to policies *CP0005 Delegations from Council to the Chief Executive* and *MP0303 Authorities and Delegations from Chief Executive*) the risk associated with any procurement/purchase may be cause for the Deputy Chief Executive Corporate Services to elevate the procedural requirements for a purchase.

4. The financial thresholds for procurement methods for one-off purchases are:

Value	Requirements
Below \$5,000	Quotations optional having regard to the likelihood of significant price variation
\$5,000 to \$9,999	A minimum of two written quotations
\$10,000 to \$50,000	Written quotations or proposals from at least three suppliers (where three eligible suppliers exist) and approval from the Deputy Chief Executive Corporate Services
\$50,000 and over	Tender
\$100,000 and over	Tender and Business Case

5. Notwithstanding clause 4 Council approval will be required where any purchase falls outside the Chief Executive’s delegations.
6. High risk/high value goods/services which are a new or significantly modified purchase will require both a business case to support the purchase decision and the Deputy Chief Executive Corporate Services approval regardless of financial value. The Deputy Chief Executive Corporate Services may, on a case by case basis, require such advice to be obtained as may be appropriate.



7. The Deputy Chief Executive Corporate Services may waive the requirements of clause 4 where:
 - 7.1. circumstances make it impractical to devote resources in calling for quotations/tenders/proposals; or
 - 7.2. the item and/or service is only available from one supplier; or
 - 7.3. the item is under a preferred supplier scheme which has exclusive rights.

In any of these circumstances the rationale and decision must be appropriately documented and evidentially authorised.

Record Keeping

8. All phases of the procurement process must be documented fully and be available for scrutiny. The documentation should clearly:
 - a. record and justify all key decisions including the rationale for the selection of the successful tenderer/proposer.
 - b. evidence the regular monitoring of the process and timing of the events.
 - c. demonstrate to outside parties that the process was open, fair and free from bias.
 - d. record all conflicts of interest and disclose how the Deputy Chief Executive Corporate Services responded to these.
9. Details of every quotation should be attached to the copy of the requisition/order.
10. Ownership of intellectual property will be in accordance with policy *MP1100.01 Intellectual Property*.

Sustainable and Ethical Purchasing:

11. Sustainable and ethical purchasing and procurement at Otago Polytechnic is based on aligning [Otago Polytechnic's strategic goals](#) to its sustainability aspirations. Refer to Otago Polytechnic strategic goals and standard operating purchasing procedures *CP0013b Procurement and Purchasing SOP002 Purchasing procedures*.
12. By its commitment to operating in a sustainable manner and in its pursuit of social and ethical sustainability Otago Polytechnic has identified the need to purchase products that provide a fair return to providers.
13. Otago Polytechnic registered with Fairtrade as a Fairtrade University (Polytechnic) in 2014. The registration with Fairtrade comes with commitments and as part of the response to those commitments Otago Polytechnic will demonstrate its social and environmental responsibility in the following ways;
 - a. ensuring that when there are Fairtrade products available at comparable prices these will be considered preferential for purchasing. This includes but is not limited to Fairtrade tea, coffee, sugar and hot chocolate and includes products used for staffroom supplies and those served at hospitality events
 - b. selling as many Fairtrade products as is feasible in all campus cafes, restaurants, and shops;
 - c. asking new suppliers to provide Fairtrade options for all relevant products when tendering.

Preferred supplier agreements:

14. Notwithstanding clause 4, procurements that are of a recurring nature, for example insurance, cleaning, energy, are subject to standard procedures managed by the procurement and contracts office.
15. Otago Polytechnic is party to a number of agreements through the All-of-Government State Sector Procurement initiative led by the Economic Development Group within the Ministry of Business, Innovation and Employment; these are not part of the normal purchasing process however they have been rigorously negotiated and represent best value and will be periodically renegotiated by the Ministry.
16. Notwithstanding clause 4, the Chief Executive or Deputy Chief Executive Corporate Services, under delegated authority (refer to policy *MP0303 Authorities and Delegations from Chief Executive*), may sign contracts for the procurement of goods or services on Otago Polytechnic's behalf with an agreed preferred supplier or pre-approved vendor.



Referral Documents

CP0013a Procurement and Purchasing_SOP001 Procedures for Tendering and Proposals

CP0013b Procurement and Purchasing_SOP002 Purchasing Procedures

Otago Polytechnic website - [About Us > Governance and management > Tenders](#)

[RFP template available on Otago Polytechnic Intranet site or by contacting Otago Polytechnic Contracts Manager](#)

CP0008 Sensitive Expenditure Policy

CP0012 Conflict of Interest Policy

CP0005 Delegations from Council to the Chief Executive

MP0303 Authorities and Delegations from Chief Executive

MP1100 Intellectual Property

Approved by Council

Date: 2 August 2019

