The purpose of this procurement policy is to state Massey University (the “University”) intentions, and inform staff and contractors of the University of the appropriate behaviour, when conducting a procurement process.

Massey and its subsidiaries are large-scale procurers of goods and services. To ensure continued accountability and robust governance, it is critical that the procurement function and activities are carried out within a clearly defined framework that is fair, robust and transparent.

All Government funded institutions, of which the University is one, are required to consider their responsibility to the public for the expenditure involved and the manner in which the procurement is made.

Exceptions to this Policy include:
- Disposal or acquisition of property.
- Disposal of assets.
- The power to recruit and make employment related decisions.

This Policy is to be read in conjunction with the Massey University Procurement Procedures, Contract Management Policy and Procedures and relevant University policies and procedures.

The purpose of this policy is to set out a framework within which the University can:

(a) Meet a justifiable and approved business proposal.
(b) Maximise efficiency of procurement and distribution.
(c) Standardise procurement processes by providing certainty to employees of their obligations.
(d) Negotiate with suppliers in a fair, open and transparent manner; and
(e) Ensure maximum value taking into consideration Total Cost of Ownership in the procurement of goods and services.

This is a University-wide policy and applies to all employees, contractors and/or consultants procuring goods or services on behalf of the University and its subsidiaries.
Policy Content

1. Ethical Procurement

1.1 Principles of Procurement

a) Representatives of the University involved in procurement must demonstrate high ethical standards based on honesty, integrity and transparency. The principle underlying all University procurement is that it must be (and must be seen to be) beyond reproach. Procurement activity must be conducted in a manner which ensures the University maintains a reputation of being fair, transparent and unbiased towards suppliers and evidenced through sound and robust record keeping.

1.2 Government Procurement Principles

a) Plan and manage for great results.

b) Be fair to all suppliers.

c) Get the right supplier.

d) Get the best deal for everyone.

e) Play by the rules.

1.3 Responsibilities

a) Representatives of the University involved in procurement must be mindful of the fact that the University is subject to and should comply with, all applicable legislation. The Government Rules of Sourcing 2013 must be complied with. They set out the standards for good procurement practice, especially when:

- Buying goods or services with a total value of $100k or more.
- Buying construction works or services with a total value of $10m or more.

b) Representatives of the University involved in procurement must declare any perceived or actual conflicts of interest to the Procurement Group as soon as practicable.

c) Representatives of the University involved in procurement must respect the confidentiality of information they are exposed to in the course of their work, and must not disclose this information to third-parties. Furthermore, this information must not be used for personal gain.

d) Representatives of the University involved in procurement should not accept gifts or hospitality from suppliers, other than items of a minor value as permitted by the Massey University Discretionary Expenditure Policy as pertaining to gifts. It should be noted that where staff are involved in a tender process, it is not acceptable to accept any gifts or hospitality from a tenderer, regardless of its value, until the tender process is completed.

e) The University’s Staff Conduct Policy identifies the required behavioural standards for employees in all areas of their work.

1.4 Sustainability in Procurement

In essence, sustainability is about meeting the needs of today without compromising the ability of future generations to meet their requirements. Social, environmental and economic context all impact on sustainability.

Sustainable procurement means that when buying goods/services the University will consider:

- Strategies to avoid unnecessary consumption and manage demand.
- Minimising environmental impacts of the goods/services over the whole-of-life.
• Suppliers’ socially responsible practices including compliance with legislative obligations to employees.
• Value for money over the whole-of-life, rather than just the initial cost.

1.5 Health in Procurement
The health of staff should be taken into consideration when procuring goods and/services, e.g., a cafeteria contract should provide food of an acceptable healthy standard.

2. Procurement Methodology (by value of purchase)
The University’s procurement methodology by value of purchase provides a systematic basis for determining the appropriate procurement method to apply in a given situation. The application of a particular procurement methodology reflects the Delegations Document and the diagram below identifies the value threshold and associated procurement process (for further details please refer to the Procurement Procedures).

Note. The University’s preferred procurement process is open competitive tendering.
3. Approvals

3.1 Appropriate internal approval

The procurement methodology (by value of purchase) diagram is not a comprehensive or exclusive process guide and should not be treated as such. Colleges and/or Budget centres may wish to introduce more strict rules and/or processes; the Procurement Group should be consulted in their development.

The diagram above is based on the assumption that appropriate internal approval processes and delegations have been carried out and granted.

Before any procurement activity is undertaken the following internal processes should be completed:

- Budget identified and approved.
- Appropriate committee identified and consulted, e.g. Equipment Committee.
- Business case or procurement plan are prepared for all purchases over $20,000 (must be authorised by the Chief Procurement and Contracts Officer and/or a Senior University Manager other than the business writer); the Procurement Group advice should be sought, if necessary.
- An approved Request for Financial Authority (RFA) is completed, where required.

3.2 Tenders Board

The Tenders Board is a centrally operated forum whose role is to approve the release of all tenders over $100k and the subsequent procurement process. If a document is being released to the open market seeking an expression or a response from the market, then it is to be approved prior to release by Tenders Board. The role of Tenders Board is expressed as follows:

Tenders Board role is to ensure that any tender process fully complies with University policies and guidelines, which includes, but not restricted to reviews of the plan, process, advertising, selection of potential tenderers, relevant evaluation criteria, selection of preferred suppliers and complying with appropriate financial approvals that are in place.

For further information refer to Tenders Board Terms of Reference and Procurement Procedures.

4. Exemption from standard policy or procedures

University procurement is normally subject to the University’s approved delegation, but selective procurement may be possible; please check the following conditions and/or seek advice from the Procurement Group.

4.1 Selective Procurement

Procurement is selective or pre-qualified when it is procured through a supplier without having invited competing quotes from any other supplier. This is an acceptable procurement process for certain purchases under $20k. This is subject to the University’s approved delegation.

At times, the cost of tendering for goods or services can exceed the benefits of the tendering process. Given this, the procurement procedures provide sufficient flexibility to use an alternative procurement process such as selective purchase. The Procurement Group must be consulted prior to the selective procurement.
Where a departure is made from the standard procurement procedures, documentation is required, justifying the rationale for this approach including the suitability of the supplier and the evidence of the approvals from the appropriate delegated authority.

A selective purchase may be justified:
- When there is a limited supply market.
- When the cost of tendering for goods or services exceeds the benefits of the tendering process.
- If only one supplier has the capacity to deliver at the time required.
- Where standardisation or compatibility with existing equipment or services is essential.
- Where there is a mandatory government directive (All of Government Agreements).

A selective purchase will require a Purchase Order and may result in the University entering into a formal contract arrangement with the supplier.

Approval for selective procurement is granted by the Tenders Board or their designate through an exemption process/paper. The Tenders Board or their designate must be satisfied that the exemption is based on exceptional circumstances and not for the purposes of avoiding competition, this way the integrity of the procurement process is maintained.

For purchases between $20,000 and up to $100,000 documentation supporting the method of tender and selection of supplier must be kept.

Exemptions to tender for purchases greater than $100,000 will be required to provide sound justification to the Tenders Board and will be considered on a case-by-case basis.

### 4.2 Emergency Procurement

In a genuine emergency the University may be permitted to forego routine procurement procedures for goods or services that are urgently required to provide emergency assistance or relief. Emergency procurement is to be used in genuinely unforeseen circumstances only and not in the case of poor planning or avoiding University policy or guidelines.

In the context of this policy an emergency is defined as an event which puts:
- Life, property or equipment at immediate risk; or
- Standards of public health, welfare or safety having to be re-established without delay, such as in the case of disaster relief; or
- The Universities service delivery would be significantly impaired if it failed to respond promptly.

Emergency procurement should be limited to what is required to cope with the particular emergency and should be carried out with the same due diligence and robustness as standard procurement activity.

### 4.3 Exception to Compliance

Where the particular procurement needs of an individual employee or a group within the University require exemption from this policy, a written request for the exemption will be made to the Assistant Vice-Chancellor, Finance, Strategy and Information Technology (AVC FSI) via the Chief Procurement and Contracts Officer for prior approval.
5. **Risk**

The University must identify potential and actual risks relating to each particular procurement process prior to its commencement. Steps to mitigate risks should be taken wherever possible. Risks could include but not be limited to:

- Inadvertently creating a premature contractual relationship.
- A business risk to the University.
- A legal risk to University (e.g. Intellectual Property Rights).

The University’s risk framework should be used, where necessary. This framework assesses the likelihood and impact and enables the development of appropriate mitigations plans. Depending on the nature of the procurement, this risk may also need to be identified on the risk register.

Refer to Managing Risk in Procurement Guidelines.

6. **Full and Fair Opportunity**

The University is obligated to promote open and effective competition in the market place, and provide full and fair opportunity to New Zealand suppliers. In particular, potential suppliers:

- Must not be unreasonably denied the opportunity to bid for the University’s business; and
- All bids received must be evaluated and selected in a fair and unbiased manner.

The University recognises the mutual commitment by New Zealand government to other jurisdictions’ procurement and free trade agreements; refer to the government procurement policy for further information.

7. **Compliance**

7.1 **Monitoring of Compliance**

(a) It is the responsibility of the Assistant Vice-Chancellor, Finance, Strategy and Information Technology (AVC FSI) or their designate to ensure that there are adequate controls over the University’s procurement processes including adequate financial controls over those procurement processes to safeguard the financial resources of the University.

(b) Compliance will be monitored and all serious deviations will be reported by the AVC FSI to the Vice-Chancellor (VC) in the first instance, as soon as practicable.

(c) Where the particular procurement needs of an individual employee or a group within the University require exemption from this policy, a written request for the exemption will be made to the AVC FSI for prior approval. Refer also to point 4.3 above.

7.2 **Consequences of Non-Compliance**

(a) Full compliance with this policy is required. A breach of this policy may constitute misconduct or, depending on the circumstances, serious misconduct under the Staff Conduct Policy.

(b) Where an employee breaches the policy the University may apply one or all of the following:

(i) Seek reimbursement of costs directly from the employee;
(ii) Decline to use funds in University accounts to meet the financial commitment arising from the procurement transaction.

7.3 Supporting Documentation for Procurement Activity

Stiffs who undertake procurement must maintain comprehensive documentation of any procurement activity, including but not limited to; the procurement process and any subsequent decision(s) must be appropriately recorded and stored, all information held by the University is obtainable under the Official Information Act. Also refer to the Public Records Act 2005.

8. Health and Safety

Procurement decisions must consider and identify any Health and Safety requirements. Under the Health and Safety in Employment Act, it is a statutory requirement to complete a hazard assessment for any new or modified equipment, material, service or new work process.

Managers and staff who are required to undertake procurement need to ensure health and safety is included in procurement decisions.

Refer to the University’s Procurement Procedure, Health and Safety Policy and Health and Safety Procurement Procedures.

9. Training

All University staff engaged in procurement should be trained in the five Principles of Procurement and are able to reasonably demonstrate practicable knowledge and its application.

Definitions

For purposes of this policy, unless otherwise stated, the following definitions shall apply:

<table>
<thead>
<tr>
<th>Definitions</th>
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</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>Also known as CAPEX. Procurement of an item of property, plant or equipment, or the subsequent development or improvement of an existing asset at a cost exceeding the minimum capitalisation threshold.</td>
</tr>
<tr>
<td>Contract</td>
<td>The term “contract” refers to any agreement that commits Massey University in legal or financial terms.</td>
</tr>
<tr>
<td>Chief Procurement and Contracts Officer</td>
<td>Is the University Senior Manager appointed and delegated to oversee all procurement policy, procedures and activity, where required.</td>
</tr>
<tr>
<td>Conflict of Interest</td>
<td>A situation in which a person has a duty to more than one person or organisation, but cannot do justice to the actual or potentially adverse interests of both parties. This includes (but not limited to) when an individual's personal interests or concerns are inconsistent with the best for a customer, or when a public official's personal interests are contrary to his/her loyalty to public business.</td>
</tr>
<tr>
<td>Contracted Supplier</td>
<td>A supplier which has been awarded a contract with the University following a competitive tender process.</td>
</tr>
<tr>
<td>Delegated Financial Authority</td>
<td>The authority to commit expenditure as stated in the University’s Delegations Document. The granting of authority to execute financial transactions for an agreed</td>
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Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tr>
<td>Operating Expenditure</td>
<td>Also known as “OPEX”. Expenditure incurred in the course of day to day University operations.</td>
</tr>
<tr>
<td>Preferred Supplier</td>
<td>This is a supplier that has given the University a discount or fixed pricing either following a competitive tender process or direct negotiation. Preferred Suppliers must have a contract in place with the University. For clarity, a supplier in TechnologyOne must not be assumed to be a Preferred Supplier.</td>
</tr>
<tr>
<td>Procurement</td>
<td>The term 'procurement' covers all aspects of the acquisition and delivery of goods or services, spanning the whole contract life cycle from the identification of needs to the end of a service contract, or the end of the useful life and subsequent disposal of an asset.</td>
</tr>
<tr>
<td>Procurement Group</td>
<td>The Procurement Group is the University's centrally operated business unit whose role is to provide expert procurement services, advice and support to the Chief Procurement and Contracts Officer and the University.</td>
</tr>
<tr>
<td>Quotation</td>
<td>An offer to provide goods or services at a fixed price for a defined period of time.</td>
</tr>
<tr>
<td>Request for x (RFx)</td>
<td>A generic term which is one of the most common acronyms in strategic sourcing and procurement, and captures all references to: Request for Information (RFI), Request for Proposal (RFP), Request for Quote (RFQ) and Request for Tender (RFT).</td>
</tr>
<tr>
<td>Tenders Board</td>
<td>The Tenders Board is a centrally operated forum whose role is to approve the release of all tenders over $100k and the subsequent procurement process.</td>
</tr>
<tr>
<td>Total Cost of Ownership</td>
<td>Also known as TCO. A calculation of the financial costs associated with buying and using a good or service. TCO takes into account the purchase price, but also considers related costs such as; ordering, delivery, and subsequent consumable and/or maintenance.</td>
</tr>
</tbody>
</table>

Relevant legislation:
- Health and Safety in Employment Act
- Official Information Act
- Public Records Act 2005

Legal compliance:
Official Information Act - The purposes of this Act are, consistently with the principle of the Executive Government's responsibility to Parliament, to increase progressively the availability of official information to the people of New Zealand in order; to provide for proper access by each person to official information relating to that person; and to protect official information to the extent consistent with the public interest and the preservation of personal privacy.

Public Finance Act 1989 - The purpose of the Public Finance Act is to provide a framework for parliamentary scrutiny of the Government's expenditure proposals and the Government's management of its assets and liabilities. It also clarifies the lines of responsibility for effective and efficient management of public financial resources, spells out minimum reporting obligations of Ministers and Departments and safeguards public assets by providing control over the borrowing of money.
Public Records Act 2005 – provides for the selection of public records and archives for creation, maintenance and retention. The Act directs that public records and archives can only be destroyed and disposed of with the authority of the Chief Archivist. Contracts are deemed Vital Records under the Act.

References:
A Guide to the Public Finance Act, Treasury
Procurement Guidance for Government Entities, Office of the Auditor General
Visit: www.procurement.govt.nz

Related procedures/documents:
Asset Management Policy and Plan
Business Case Policy
Contract Management Policy and Procedure
Discretionary Expenditure Policy
Health and Safety Policy
Health and Safety Procurement Procedures
Purchase Order Terms & Conditions
Procurement Procedures
Procurement Templates
Request For Authority
Rules of Sourcing (the rules) 2013, Ministry Business, Innovation and Employment
Staff Conduct Policy
Tenders Board Terms of Reference
Tenders Board Template

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