

Attachment 2: Procurement Guide (Attachment to MDC Procurement Strategy)

(This guide is only a general indicator – talk to Manager/Contract and Risk Policy Manager). **NOTE: Deviations from standard process must be documented.**

Total Size of Procurement	Business Case (options to consider)	Specification /Written Brief	Check Delegations for Specifics					Price Comparison Formal Quote	RFQ RFI RFP REOI Tender	Type of Contract (Supplier contracts considered case by case but MDC documents strongly preferred – see notes below)				Contract System
			Approval	Approval	Approval	Approval	Approval			Phone/Email Order/Letter (Form 5.1)	Minor Engagement (Forms 2.6, 2.7, 3.4, 3.6, 6.3, 7.1)	Minor (Forms 2.1, 2.2, 2.4, 3.1, 3.2, 3.5, 3.7, 3.8, 4.1, 4.2, 4.3, 6.1, 6.2, 7.2, 7.3)	Full Contract (Forms 2.1, 2.3, 2.5, 3.3, 20.2, 20.3 or "one off" doc)	
	Also check any departmental requirements (including specific delegation limitations)	Graduated level based on risk, cost and complexity (you get what you spec)	Officer	Group Activity Manager	Departmental Manager	CE, Mayor and Committee Chair	Lawyer	Should be covered in Business Case	Should be covered in Business Case					Consult with Contract and Risk Policy Manager
\$0 - \$10,000	Verbal, email, note, memo		✓								✓	✓		
\$10,000 - \$25,000	Email, memo, report			✓								✓	✓	
\$25,000 - \$250,000	Email, memo, report, paper to Council				✓								✓	✓
\$250,000 - \$750,000	Memo, report, paper to Council				✓		External		✓				✓	✓
\$750,000 - \$25,000,000 +/- (subject to review at two years)	Paper to Council Report to CE / Mayor / Chair					✓	✓		✓				✓	✓
\$25,000,000 + (subject to review at two years)	Paper to Council						✓		✓				✓	✓

Formatted Table

All jobs need to be considered on the basis of cost and risk.

Risk factors to consider with all contracts:

- Current market environment
- Political
- Health and Safety
- Complexity
- Liability
- Performance measures/consequences of non-performance
- Fee and expense limitations/escalation
- Cost/financial exposure, including currency exchange issues where applicable

Legend	
✓	= can do/must do – consider risk
	= needs further consideration /discussion
	= Does not apply/cannot do/not required but consider risk

Procurement Policy

- Consultant risks where a third party is managing aspects on behalf of Council

Good practice requirements

- Competitive pricing – where appropriate
- Sound procurement practice including full disclosure of conflicts of interest (CoI) and any confidentiality issues – refer contracts guide and CoI Policy
- Ensuring consultants use MDC templates and follow MDC direction for tender and COI management good practice such as TET panel guidelines (e.g. TPL Form 8.1) and Council policies. This must include ensuring TETs led by consultants have at least one Council representative on the panel. These requirements become more important in proportion to the contract/process risk/value e.g. a low value/risk RFQ can be treated differently to full RFTs. Also ensure document filing and retention is appropriately dealt with.

Further considerations

- Approved budgets are required before commitment to contract is made at any level
- **staff should also be aware of any delegation restrictions/requirements** together with **contract length restrictions**. Maximum length is **seven years** but needs to be justified in the business case. Whatever the length, contracts must be re-tendered at end of term unless approved by Executive or exempted (ref: Contract and Risk Policy Manager).
- The business case for procurement may be met by the annual plan process.
- **Preference to be given to local contractors/suppliers where they can demonstrate capability, capacity and price competitiveness to ensure a quality project or service that represents value for money is provided**
- Some jobs <\$750k may still need to involve lawyer input.
- Where equipment is to be purchased which has an **IT component**, this must be reviewed with IM group as part of the business case development **before any commitments are made**.

Consideration should be given to the implications that the procurement will have on applicable Community Outcomes, as determined by Council policy

- Template documents available include procurement flowcharts, prompt lists, tender and other process documents and contracts – all available through SID> Tools and resources> Contract Management.
- Staff may be asked to consider using supplier provided documents. The preference is for Council contract conditions (templates) to be used – discuss with Council's Contract and Risk Policy Manager (this includes ACENZ/IPENZ documents).
- Specialised documents are also developed from time to time to meet a specific need – talk to Contract and Risk Policy Manager.
- Contract documents will only routinely be put in Deeds and CM (Contracts area) when a contract number has been issued ie: if no contract number will not be in Contracts Database and will only be saved in CM operational or project folders.

Formatted: Font: 7 pt, English (New Zealand)