



Procurement Policy

March 2019



Policy Statement

Auckland Transport (AT) is a significant procurer of goods, services and works, and is ultimately accountable to the ratepayers of Auckland and taxpayers of New Zealand, through its funding arrangements with Auckland Council (AC) and the New Zealand Transport Agency (NZTA). This policy reflects the overarching principle guiding AT procurement, being: “Sustainable ‘value for money’ through the ‘whole of life’ of an asset or service”.

AT achieves this by:

- Being customer and outcome focused;
- Supporting sustainable supply markets and collaborative relationships;
- Being committed to working with our suppliers, their parents, affiliates, subsidiaries, and subcontractors, to deliver a safe, fair sustainable and responsible approach to business;
- Supporting innovative and cost-effective delivery arrangements;
- Acting with integrity in an open, fair and transparent manner;
- Making it easy to do business with AT, and minimising transaction costs; and
- Providing efficient and effective procurement processes.

Purpose

The purpose of this policy is to ensure that a consistent procurement practice is applied across all AT procurement activities. It outlines the approach AT will take to planning, sourcing and managing its procurements.

Scope

This policy applies to:

- AT Directors
- All AT employees
- AT representatives
- Contractors & consultants
- Agency temps (in accordance with the terms of their supplier agreement with AT)
- Staff on secondment from other organisations/agencies
- Volunteers

All procurement activities.



Policy Principles

- AT's procurement process is guided by the NZ Government Rules of Sourcing (third edition 2015), The Transport Agency Procurement Manual (2014 update), and the Auckland Council Group Procurement Policy.
- AT will apply a staged strategic procurement process consistent with the Ministry of Business, Innovation and Employment (MBIE) Procurement Lifecycle and New Zealand Government Procurement (NZGP) Principles and Rules of Sourcing when planning, sourcing and managing its procurements, as this sets the standard for good practice.
- The NZGP Principles are our overarching procurement values. They are:
 - Plan and manage for great results.
 - Be fair to all suppliers.
 - Get the right supplier.
 - Get the best deal for everyone.
 - Play by the rules.



These principles will be delivered through the procurement phases – plan, source and manage.

- The way AT procures goods / services / works will vary depending on the value, complexity and risk involved. The organisation will apply the approach best suited to the individual procurement, within the framework of the Principles and Rules, encouraging competitive tendering whenever possible.
- AT's decisions and practices must be able to withstand public scrutiny at all times. Throughout all phases of the procurement lifecycle, AT will:
 - clearly record our planning, processes and decisions so they can easily be audited,
 - document and manage conflicts of interest,
 - identify risks and develop mitigation activities to manage them,
 - act lawfully, ethically and responsibly.

AT will manage the plan, source and manage phases of procurement in accordance with the AT set of standards, procedures and guidelines.

Plan

When planning procurements AT will:

- understand any key issues for communities affected by the works or services to be procured and ensure suppliers understand expectations of them in managing those issues appropriately,
- use processes that are proportionate to the size, complexity and risk involved in the contract to get the best outcomes,
- ensure we have up to date knowledge about the market and the effect our procurement has on it,
- involve suppliers early in the process to explain our needs, learn about them and explore



- opportunities for new solutions before going to market,
- provide supplier guidance on AT's procurement approach and procedural requirements,
- understand the extended supply chain and any risks associated with potential sub-contracting,
- consider subcontracting opportunities in big projects, so small and medium enterprises can grow their business capability,
- ensure we have financial approval aligned with AT's financial delegations' policy before going to market.

Source

When we procure goods / services / works, AT will:

- procure using government or council group collaborative contracts or AT's existing supply contracts if they can meet our requirements,
- give all suppliers a full and fair opportunity to compete,
- choose suppliers that demonstrate their ability to meet our requirements and offer the best value-for-money outcome over the lifetime of the goods / services / works, taking into account:
 - all the costs of ownership over that lifetime,
 - suppliers' ability to deliver what we need at a fair price, on time and within specification,
 - the four well-beings of Sustainability (Economic, Environmental, Social and Cultural), which provide benefits beyond the delivery of the primary goods, services or works.
- use approved AT procurement model templates as our default tender and contract documents,
- where applicable, negotiate to reach a fair and sustainable agreement on the terms and deliverables of the contract that improves both parties' relationship,
- have an approved purchase order/agreement in place before the supplier starts delivering goods/ services / works – except when using a purchasing card, or in the case of Emergency Procurements (as addressed below).

Manage

Contract Management

To get the best from our agreements with suppliers, AT will:

- set clear performance measures, then monitor and manage the contract against them,
- encourage and recognise suppliers for delivering great results,
- work with suppliers to make on-going savings and improvements for both entities,
- adopt a standard approach and framework across the organisation in management of contracts,
- enter into and manage contracts in a manner which facilitates AT business and minimises risk,
- ensure its staff understand the organisations responsibilities under contract, and ensure they are adequately trained to do so,
- manage and report on contracts to ensure both quality performance and value for money are achieved in line with expectations,
- track, capture and report benefit from the contract.

Supplier Relationship Management (SRM)

Supplier Relationship Management is about delivering maximum value from our supplier relationships (vs. individual contract relationships). An SRM framework will focus on our key suppliers and the type of relationship we have with them.



To ensure effective Supplier Relationship Management, AT will:

- treat all suppliers fairly and with respect,
- be consistent, transparent, fair and accountable in the way we work,
- be clear about what we require and how we will assess responses before going to market,
- provide sufficient response time for our requests,
- protect supplier's commercially sensitive information and intellectual property,
- offer a debrief to tender participants,
- pay supplier invoices promptly.

Health and Safety Requirements

To meet legislative requirements under the Health and Safety at Work Act 2015, AT and our suppliers will:

- proactively manage goods / services / works procured to ensure AT personnel, contractors, members of the public and customers are not put at risk from work carried out under, or associated with AT's contracts,
- ensure that suppliers who undertake contract works or services that present a health and safety risk, are prequalified under AT's approved Health and Safety requirements.

Probity

Probity during procurement activities ensures the integrity of the procedures and processes in place, to provide fairness and transparency in procurement decisions. As part of our probity assurance, AT will:

- ensure there is an independent Probity Auditor review for all procurements valued above \$5m, or that are considered high risk,
- maintain an independent hotline for staff, suppliers and the public to report issues or concerns with our procurement processes,
- provide escalation processes to fairly investigate and make recommendations to address issues or concerns,
- pass on all complaints and allegations to the Executive General Manager, Risk and Assurance to carry out an independent review.

Procurement Thresholds

- AT's standard procurement processes are based on monetary thresholds and risk. The thresholds are detailed in the AT Plan set of procedures.
- Dividing the value of a procurement activity in two or more parts to evade a limit of authority is prohibited and is a violation of this Policy and the AT Delegations Policy. A series of reasonably related procurement activities will be treated as a single transaction for purposes of determining approval and authority levels required under this Policy.

Emergency Procurement

- An emergency procurement may be made when the existence of an emergency situation creates an immediate and serious need for goods / services / works that cannot be met through normal procurement methods.
- The department responding to an emergency situation may procure goods / services / works to alleviate any immediate threats to health, safety, security, the environment or the maintenance of essential organisational services.
- Emergency procurements will be approved verbally or via email in accordance with the Delegations Policy. Verbal approvals must be followed by an email approval within 24 hours.



- The relevant details surrounding the emergency, along with the approved requisitions, will then be included in a report and submitted to the individual who approved the emergency procurement and the appropriate EGM of the function that conducted the emergency procurement.
- Best efforts will be used to deliver the emergency procurement report within 48 hours following the event.
- The Group Manager Procurement and the Executive General Manager Finance shall also be notified within 48 hours of the emergency procurement.

AT's Emergency Procurement procedure is detailed in the AT Source set of procurement procedures.

Training

- All individuals engaged in the procurement of any goods / works / services on behalf of AT will maintain appropriate standards of procurement competency, skills and experience. They should also be able to reasonably demonstrate practical knowledge of processes and their application in compliance with AT's various policies, standards, procedures and guidelines.

Definitions

Procurement	All aspects of acquiring and delivering goods, services and works. Beginning with identifying the need and finishing with either the end of a service contract or the end of the useful life and disposal of an asset.
Probity	Probity during procurements is concerned with ensuring the integrity of procedures and processes put in place to provide fairness and transparency in procurement decisions.
AT Procurement Framework	The Procurement Framework includes the procurement strategy, policy, standards, procedures guidelines and templates.
Emergency situation	An 'emergency' is a sudden unforeseen event. It can result in injury, loss of life or critical damage to property or infrastructure. Emergency situations may include: <ul style="list-style-type: none"> • natural or manmade disasters, failures of critical infrastructure or equipment, • critical health or environmental emergencies, • political emergencies, • critical security emergencies, • unanticipated events that make it impossible for AT to perform a statutory or critical function in the necessary timeframe.

Roles and Responsibilities

Role	Responsibility
All Employees and Representatives	<ul style="list-style-type: none"> • Adherence and compliance with this policy and related procedures.
Executive GM Finance / Policy Owner	<ul style="list-style-type: none"> • Develop, consult, seek approval of, and implement policy and aligned processes for the development of Procurement Policy for AT.



Role	Responsibility
	<ul style="list-style-type: none"> • Guide/approve system development to support policy/process. • Administer requirements of policy/process relating to Procurement. • Monitoring and updating of this policy and related procedures. • Ensure accurate and reliable procurement information is provided to the Chief Executive and other ELT members for decision making.
Group Manager Procurement	<ul style="list-style-type: none"> • Governance and accountability for the AT Procurement Framework, activities and services. • Endorse the Procurement Framework. • Approve updates or variations to Procurement procedures and guidelines. • Monitor compliance with the Procurement policy.
Procurement Team	<ul style="list-style-type: none"> • Provides specialist guidance and support, including strategic sourcing, facilitation of end-to-end procurement process. • Support with Contract development. • Develop and maintain the Procurement Framework, including setting of policy, strategy, fit-for-purpose templates and guidance materials. • Provide training to staff in good practice procurement. • Identify and report on emerging procurement risks. • Provide information to executive management on significant planned procurement activity. • Provide periodic reporting on procurement process and initiatives. • Responsible for ensuring all public facing procurement documentation (e.g. tender documents) meets the required quality standards.
Chief Executive and Executive Leadership Team (ELT)	<ul style="list-style-type: none"> • Promote the principles of this policy. • Notify applicable personnel of the requirements of this policy and related procedures. • Ensure resources are available for meeting procurement objectives and principles. • Adopt a cross-functional view, resolve differences between business units when necessary, and provide procurement leadership and support to achieve the benefits sought by AT. • Promote continual improvement. • Endorse forward procurement plans and monitor their outcomes.

AT reserves the right to review, amend or add to this policy at any time upon reasonable notice to employees and representatives.

Related Documents

- Plan, Source, and Manage set of standards, procedures and guidelines;
- AT Sustainability Framework;
- Delegations Policy;



- Expenditure Policy;
- Purchasing Card Policy;
- Code of Conduct Policy;
- Conflict of Interest Policy;
- Fraud Policy;
- Gifts and Inducements Policy;
- Information and Records Management Policy;
- Protected Disclosures Policy;
- Health and Safety Management Policy;
- The Auckland Council Group Procurement Policy;
- Procurement Guidance for Public Entities: Good Practice Guide - published by the Office of the Auditor General (OAG), June 2008;
- The Ministry of Business, Innovation and Employment (MBIE) Mastering Procurement Guide (2011);
- The Office of the Auditor General: Procurement Guidance for Public Entities (2008);
- The Transport Agency Procurement Manual (2014 update), and
- The NZ Government Rules of Sourcing (third edition 2015).


Related Legislation

- Official Information Act 1982;
- Local Government Official Information and Meetings Act 1987;
- Commerce Act 1986;
- Contract and Commercial Law Act 2017;
- Fair Trading Act 1986;
- Public Records Act 2005;



- Local Government Act 2002;
- Local Authorities (Members' Interests) Act 1968;
- Electronic Transactions Act 2002;
- Land Transport Management Act 2003;
- The Local Government (Auckland Council) Act 2009, and
- The Health and Safety at Work Act 2015.

Approval & Review

Owner	Executive General Manager Finance
Stakeholders for consultation	Executive Leadership Team Chief Executive Finance, Capital and Risk Committee
Authorised by:	Auckland Transport Board
Issue date	March 2019
Review date	March 2021
Shane Ellison (Chief Executive)	
Dr. Lester Levy (Board Chairman)	