
PROCUREMENT OF GOODS AND SERVICES PROCEDURE

Scope

These procedures cover each individual who needs to procure goods and services on behalf of Ara Institute of Canterbury Ltd¹, including employees (permanent and temporary), temps, consultants, contractors and Council members (*“Each individual”*).

Persons procuring equipment, materials, substances and services, must as far as is reasonably practicable, ensure that the purchases are without risk to the health and safety of any persons. Such considerations should be given prior to purchase and consider need, ongoing management, and substitution by safer alternatives if available

The purpose of these procedures is to ensure:

1. Individuals who require goods and services to fulfil their roles are aware of their obligations and the correct processes to be followed;
2. Purchases are made in a financially responsible manner ensuring resources are managed effectively and efficiently;
3. Purchase of goods and services is undertaken in a manner that guarantees the efficient use of public funds
4. Expenditure contributes to the business of teaching and learning
5. Our relationship with suppliers is professional, equitable and fair.

This document complements, and should be read in conjunction with, the **CPP307 Procurement and Disposal** policy.

Responsibility

Chief Financial Officer & Director of Corporate Services

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¹ From herein referred to as Ara

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1 Procedure

This document sets out the procedures to be followed by Individuals in complying with Ara Institute of Canterbury Ltd's procurement policies.

The procedures are designed to ensure that Ara follows a rigorous and transparent process when entering into procurement arrangements.

The procedures are based on the recommended procedures outlined by the Office of the Controller and Auditor General in its document titled *Procurement Guidance for Public Entities* published in June 2008 (<http://www.oag.govt.nz/2008>) These procedures do not focus on the content of the purchase itself but set out the procedural steps that are to be followed for all purchase arrangements.

The *overriding principles* on which the procedures are based are:

- Purchases should be made in accordance with policy in an equitable and transparent manner;
- Ara should obtain goods and services that are fit for purpose, of appropriate quality, and at the most favourable price; and
- Meet compliance with legal requirements including health and safety obligations and good practice
- Adequate documentation is maintained for all key decisions and procedures to ensure Ara is able to demonstrate at any time their probity and fairness.

There will be times when it is not practical to comply with the procedures. In such cases, reasons for the departure should be recorded and signed off by the person having the delegated authority appropriate for the purchase.

The level of documentation maintained should be commensurate with the risks and the value of the goods and/or services being purchased. The recording of steps taken and the reasons for them should however be succinct yet comprehensive enough to enable an impartial reader to see that fairness and probity have been exercised at all stages.

While Ara is not a government department, as a publicly funded entity it is imperative that our purchasing policy and procedures be open to scrutiny in much the same way as those of government departments are. Hence the policy and guidelines developed for Ara include similar rules and process steps.

1.1 Code of Procurement Ethics

Each individual involved in purchasing on behalf of Ara will observe high ethical standards. A basic principle of all Ara purchasing is that it must be, and must be seen to be, beyond reproach.

To this end, *each individual* should perform their duties in a manner which ensures that they maintain a reputation for fair, unbiased dealing with all suppliers. This will require *each individual* to exercise a high degree of honesty and integrity and to be able to demonstrate transparency of process through appropriate recordkeeping.

Three significant principles relevant to purchasing that *each individual* should adhere to are:

- Fulfil their lawful obligations to Ara with professionalism and integrity
- Perform their official duties honestly, faithfully and efficiently, respecting the rights of the public, their colleagues and students
- Not bring Ara into disrepute through their private activities.

Note that the codes of ethics and codes of conduct referred to in this document imply adherence to contracts that Ara has entered into. Breaches of the codes may be deemed as misconduct.

1.2 Delegated Authority Policy

The Procurement of Goods and Services Policy requires adherence to Budget Allocation & Monitoring Policy.

1.3 Determining the Need for Procurement

Each individual should always assess whether a purchase is necessary. This assessment should take into account:

- The need to ensure Ara uses its resources effectively and efficiently
- The need to ensure Ara awards contracts for goods and services fairly and in so doing spends public funds efficiently
- How the proposed expenditure will contribute to Ara Institute of Canterbury Ltd's business of teaching and learning
- Ara Institute of Canterbury Ltd's overall procurement philosophy – including for example, the types of relationships Ara wants to have with its suppliers
- Consider safer options

1.4 Definitions

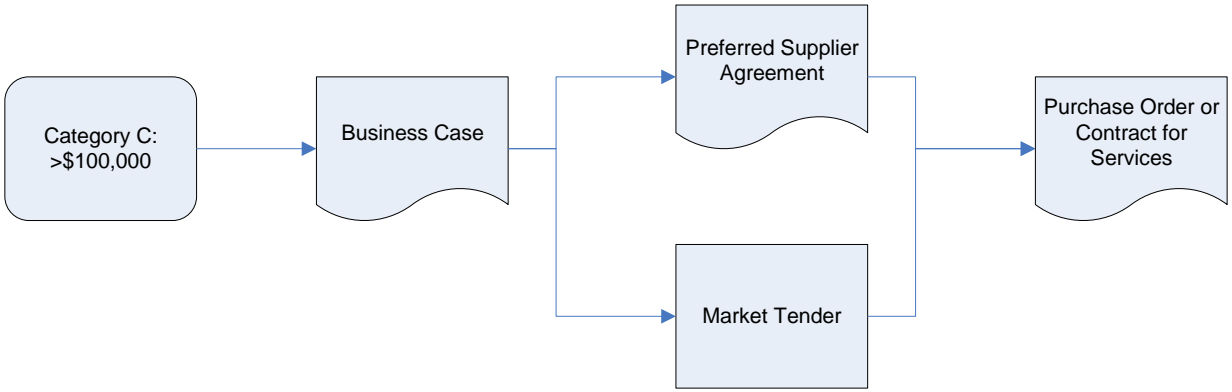
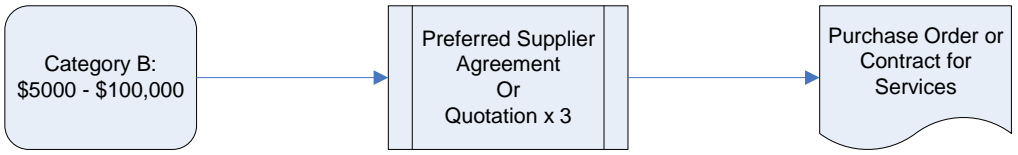
For purposes of these procedures, unless otherwise stated, the following definitions shall apply:

Purchasing	The acquisition of goods and services from suppliers.
Approved Supplier	A supplier of goods and services with whom Ara has authorised to be loaded into the FMIS to allow purchase orders to be raised against. Service providers must provide evidence of their commitment to health and safety.
Authorised User	An individual who has been approved via the Delegated Authorities procedure to raise purchase orders.
Capital Expenditure (CAPEX)	Costs or expenditure incurred by Ara usually for the acquisition or creation of a physical item (asset) that will be used over a period of time, normally more than 12 months, for a value greater than \$2000 and includes all computer purchases, and project related computer software, classroom furniture and equipment, building/facility improvements and/or additions.
Closed Tender	A tender process where only selected suppliers are invited to respond.
Due Diligence	The process of investigating the information associated with a particular transaction, so that all parties are aware of the material issues in order to provide comfort over the source of financial and other information presented in sales memorandum or other reports provided to purchasers
Emergency Procurement	A process where there is a need to act quickly because of genuinely unforeseen circumstances.
Emergency Procurement Justification Paper (EPJP)	A document that is completed containing information outlining the specification of what was purchased or supplied, the reasons why an emergency purchase was justified.
Expression of Interest (EOI)	An invitation to all interested parties to register a desire to be considered for an up and coming tender.
Full Business Case (FBC)	A document that details the specification of what is to be purchased, the cost, a financial analysis that supports the decision to purchase and the tender method. The FBC is applicable for high risk and/or strategically important tenders exceeding \$250,000.

New Supplier Request Form	The form required by Finance in order to set up a new supplier in the FMIS Service providers must provide evidence of health and safety commitment
Open Tender	Ara preferred tender method. A tender process in which the invitation to tender is advertised so all interested suppliers may respond.
Operating Expenditure (OPEX)	Costs or expenditure on goods and services incurred by Ara that are utilised in the day to day operations and are generally consumed immediately or within a short period of time.
Preferred Supplier	A supplier of goods and services with whom Ara has negotiated preferential terms and conditions and/or an exclusive supply contract (PSA) exists.
Preferred Supplier Agreement (PSA)	A contract for supply of particular goods or services, where the contract has been let after a competitive tender process. A Preferred Supplier Agreement (PSA) will be entered into if the aggregated procurement spend across Ara is estimated to be greater than \$250,000 per annum or where the requirement for the goods or services is likely to be at least two years.
Request for Proposal (RFP)	An invitation to selected parties to present their proposals (deliverables, cost, time) for meeting a need that Ara has identified for specified goods or services. An RFP will be used when there may be flexibility in the solution provision.
Request for Quotation (RFQ)	An invitation to selected parties to furnish a quote of price and time for the provision of specified goods or services to Ara. An RFQ will be used when the goods or services are clearly specified and there is little or no flexibility available in the solution, e.g. off the shelf hardware or software, standard furniture items.
Selective Procurement	A process where one supplier is invited to provide a proposal.
Tender	Generic term relating to the selection of a supplier using a competitive process that is rigorously conducted to ensure integrity of the process and the outcome.
Short Form Business Case (SFBC)	A document that details the specification of what is to be purchased, the cost, a financial analysis that supports the decision to purchase and the tender method. The SFBC is applicable for low risk tenders between \$100,000 and \$250,000.
Tender Manager	The person appointed to manage the RFP/RFQ and tender documents for the specific project
Total Cost of Ownership (TCO)	A concept which ensures that all components and impacts of a purchase or project across its expected life are figured into the procurement decision. The TCO should be identified in a tender business case and may include the cost of carrying out the purchase (development of business case, tender process), costs of housing the purchased goods; operating, maintaining and upgrading the purchased goods; any associated service contract; any financial impact on another Budget Centre and ongoing costs.

1.5 Identifying the Correct Procurement Process

The diagram below models the procurement processes linked to the three levels of spending authority (Categories A-C). It provides a systematic basis for determining the appropriate procurement method to apply in a given situation:

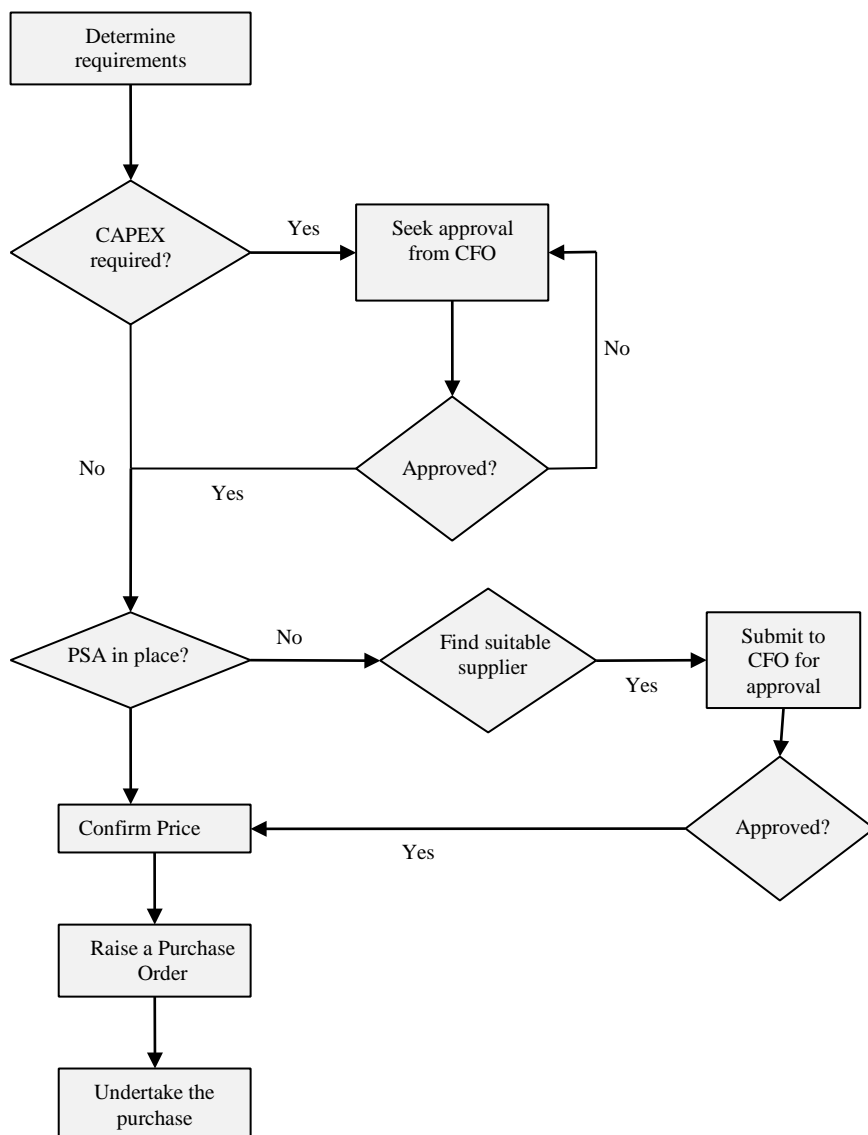


2 Part A – Day-To-Day Purchasing

2.1 Purchasing Process Steps

This section covers routine day-to-to purchasing with a value of less than \$100,000 or where a Preferred Supplier Agreement exists.

2.1.1 Process Steps for Routine Purchases under \$5000.00



If CAPEX:

- Approval is given at annual budget stage and
- Present for approval to CFO.

If OPEX:

Ensure budget is available.

Select a Supplier, obtain a Quote:

- Identify a Preferred Supplier, if any, for the required goods/service and confirm pricing;

OR

- Identify a Approved Supplier, if any, for the required goods/service and confirm pricing;
- Identify a supplier for the required goods/services and seek approval for the supplier to become an Approved Supplier.

Then:

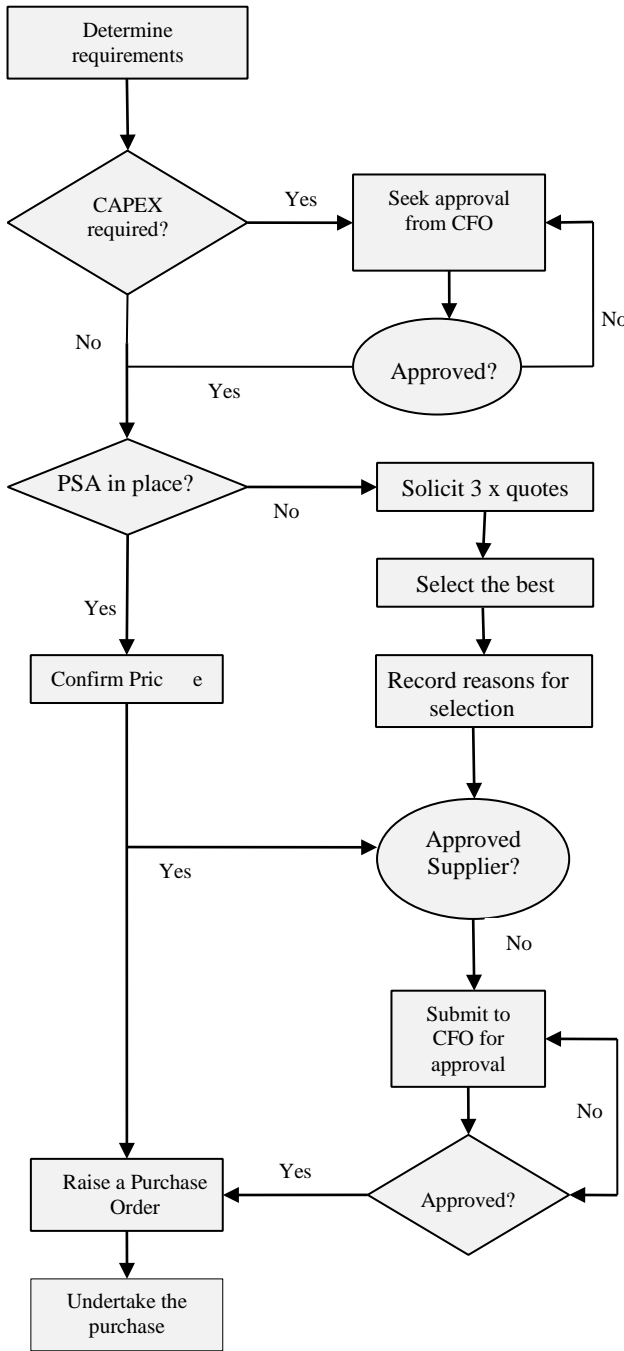
- Raise a purchase order; and
- Carry out purchase

Other Information:

- Preferred Suppliers must be used if a PSA exists; or
- An Approved Supplier when there is no PSA.

2.1.2 Process Steps for Purchases between \$5000 and \$100,000

If CAPEX:



- If purchase not pre-approved in Budget need to seek approval from CFO.

If OPEX:

- Ensure budget is available.

Select a Supplier, obtain Quotes:

- Identify a Preferred Supplier, if any, for the required goods/service and confirm pricing;

OR

- Solicit at least three quotations by telephone or via the Internet;

- Confirm quotations in writing/email;

- Select most appropriate supplier;

- Record and file reasons for decision;

- If the selected supplier is not an Approved Supplier need to seek approval for the supplier to become an Approved Supplier.

Then:

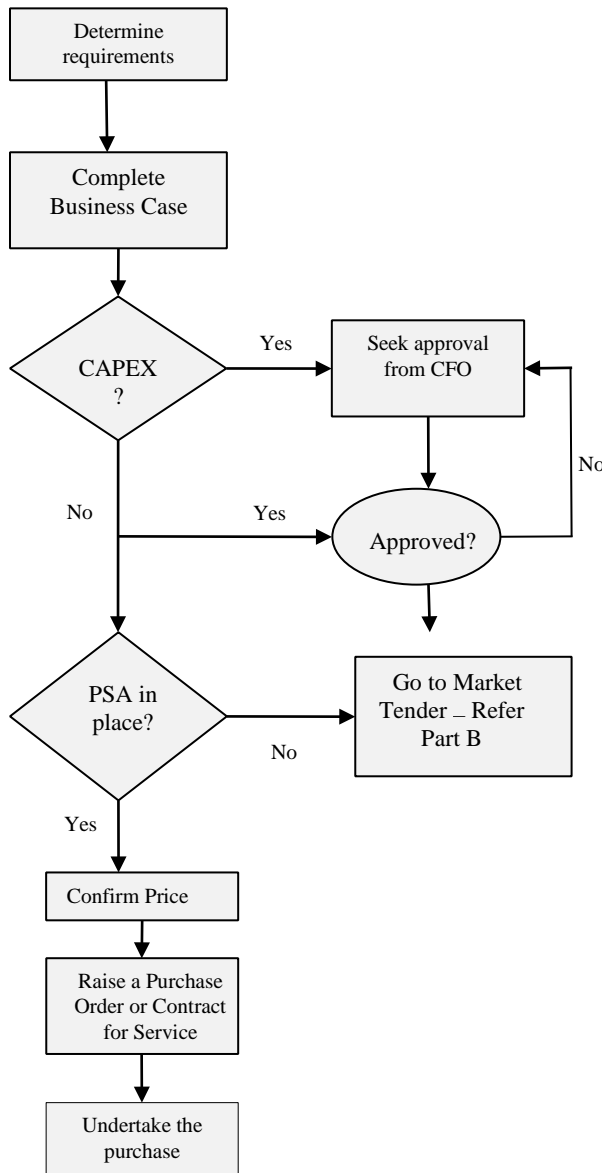
- Raise a purchase order; and Carry out purchase.

Other Information:

- Preferred Suppliers must be used if a PSA exists
- Quotes can be sought by phone or Internet
- Quotes must be followed up in writing or email

2.1.3 Process Steps for Purchases exceeding \$100,000

Process Steps:



If CAPEX

- If purchase not pre-approved in Budget need to seek approval from CFO.

If OPEX:

- Ensure budget is available.

Select a Supplier:

- Identify a Preferred Supplier, if any, for the required goods/service and confirm pricing;

OR

- Develop a Tender Business Case for approval; **THEN (if using a Preferred Supplier):**

- Raise a purchase order; and Carry out purchase.

Other Information:

- Preferred Suppliers must be used if a PSA exists
- Refer Part B – Tender Procedures.

2.1.4 Procedures for the Use of Telephone and Internet Quotes

Telephone and Internet quotation is an economic and efficient approach for procurement of standard items and items of low value, generally in small quantities. It is a quick and convenient way of exploring the market and determining availability, price and terms of supply.

To ensure the integrity of the process, key evaluation criteria should be established beforehand. At least three quotes should be obtained to be valid (unless there are an insufficient number of adequate suppliers to achieve this).

A record should be kept of the suppliers invited to quote as well as the price and other conditions quoted. Responses from the suppliers need to be confirmed in writing – email is adequate. Adequate documentation should be held regarding the decision as to the selection of a supplier.

3 Part B – Tender Procedures

3.1 Procurement by Tendering

Tendering is a means by which goods or services can be purchased from a supplier selected on a competitive basis.

The four methods of tendering used by Ara are:

- Open tendering
- Closed tendering
- Selective procurement
- Emergency procurement

The following section details the steps and documentation required to prepare and carry out a tender. It is imperative that these guidelines are adhered to as any failure to do so may create a legal liability for Ara.

3.1.1 Advantages of Tendering

Because of the advantages listed below, tendering, particularly by open tender, is the preferred procurement method. Nevertheless, tendering does incur a cost and consideration should be given to whether the cost will exceed any direct savings that may be gained together with the value of any other benefits foregone:

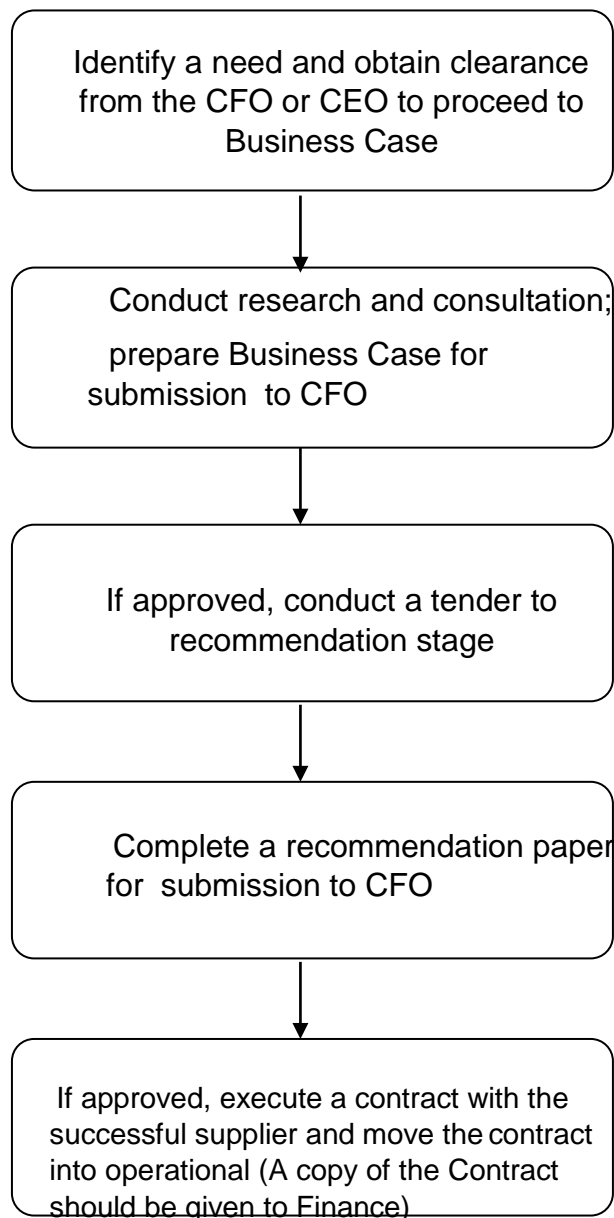
- a. Tendering establishes the most competitive price and terms available.
- b. It explores or tests the market for alternative solutions.
- c. It fulfils a public duty of fairness and equity between suppliers.
- d. It generates up-to-date market intelligence.
- e. It is likely to identify the best sources of goods and services.
- f. It encourages innovation and progress among suppliers.
- g. It reduces the risk of allegations of purchaser bias and political interference.

3.1.2 Disadvantages of Tendering

- a. The costs could exceed the benefits.
- b. Time and effort may be wasted.
- c. A risk of litigation may be created if good tendering practice is not followed.
- d. Confidential information may be released inappropriately.
- e. Existing commercial relationships may be prejudiced.
- f. It may generate more information than can be put to good use.
- g. The time taken to carry out a purchase may be significantly prolonged.

3.2 Preparing and Carrying out a Tender

3.2.1 Key Steps for a Tender



3.2.2 Being a Knowledgeable Buyer

Each individual involved in tenders have a responsibility to be knowledgeable buyers:

Responsibilities	Responsibility met by
Being a knowledgeable buyer	<ul style="list-style-type: none"> • Using available in-house knowledge, experience or skills; or • Obtaining them from an external source.
Procuring technical or specialised goods	<input type="checkbox"/> Consulting as above for definition of tender specifications, evaluating tender responses and monitoring supplier performance; and

- | |
|---|
| <input type="checkbox"/> Seeking and following advice of the CFO and subject matter experts in preparation and issue of tender and contract documents |
|---|

3.2.3 Code of Ethics for Each Individual Involved in a Tendering Process

The required standard of behaviour for individuals involved in the tendering process is particularly high.

Failure to meet these standards could create a situation in which Ara is legally liable for the breach.

To ensure impartiality and integrity, the following precepts should be observed:

- a. Declaration of Interest: ***Each individual*** must declare any personal interest which may affect, or could be perceived to affect, their impartiality in carrying out any aspect of their work.
- b. Confidentiality and Accuracy of Information: ***Each individual*** must respect the confidentiality of information they receive in the course of their work, and must not use that information for personal gain. Information given by individuals in the course of their work must be accurate, impartial and not designed to mislead.
- c. Preparation and Issue of Invitations to Tender: Tender specifications (RFPs or RFQs) should be flexible enough to ensure that they achieve adequate market coverage, and that a sufficient number of local suppliers are given the opportunity to submit quotations.
- d. Business Gifts: Individuals should not accept gifts from suppliers, other than items of minor value, such as business diaries or calendars. Refer to CPP 2.11 Code of Professional Practice for further information.
- e. Hospitality: Individuals should not accept hospitality from suppliers if such hospitality is likely to be perceived by other individuals as being an influence on a business decision. When it is difficult to decide what is or is not an acceptable offer of a gift or hospitality, individuals should either decline the offer or seek the advice of their Manager.
- f. Contact with Suppliers during the Evaluation Process: To ensure that the integrity of tender evaluations is not prejudiced, any contact between tender evaluation personnel and tendering suppliers will be on a strictly formal basis and recorded in writing.
- g. Use of Consultants: If Ara engages consultants to aid in the tender evaluation process, they must also be subject to the constraints listed above. Contractual agreements with such consultants should contain a statement to this effect, and should also stipulate that information gained during the tender evaluation may not be disclosed for a specified period after the evaluation.
- h. Technical specifications and evaluations must be checked by a second evaluating Individual to confirm their freedom from bias, and to verify that the recommendation made contain all the elements necessary to enable management to make an informed decision.

3.3 Completion of a Business Case

Prior to conducting a tender process, a business case needs to be prepared and approved by the CFO.

Ara should always be able to demonstrate that a purchase has been made in an equitable and transparent manner. The details provided in the business case are the first step in that demonstration.

The aim should be to obtain goods or services that are fit for purpose, of appropriate quality at a favourable price. The business case should set out the rationale to buy and specify the nature of what is to be bought.

There has to be a convincing business case detailing WHY the purchase is needed, WHAT is to be purchased and that it is consistent with the identified need. Matters that have to be satisfactorily addressed in a business case include:

- a. What are the role, objectives and purpose of the product or service?
- b. What will the product need to do?
- c. Does product meet NZ health and safety requirements?
- d. Is there a safer alternative?
- e. Does purchased product require consent, certification or approved operators?
- f. Are there additional controls required on installation?
- g. How will the product contribute to Ara Institute of Canterbury Ltd's required outcomes?
- h. Is the purchase consistent with Ara Institute of Canterbury Ltd's goals and objectives?
- i. Is the purchase consistent with the identified need?
- j. Is the purchase consistent with budget and planned expenditure?
- k. Could another product or service achieve the same result?
- l. What tender method is proposed? If not an Open tender, justification for the method proposed.
- m. If not an Open tender, what supplier(s) will be approached and why were they selected? Are any incumbent suppliers not included, and if so why?
- n. If the product/service is only available from one supplier, this fact should be attested to by someone responsible with the requisite knowledge and be supported by any available evidence.
- o. Who is the proposed evaluation team and do any known conflicts of interest exist?
- p. What legal obligations or constraints have to be complied with?
- q. What other parties (internal or external) have an interest in the purchase, and have their interests been taken into account?
- r. Are there any public interest implications?
- s. Are there timing imperatives?
- t. Costs: These may need to include Total Cost of Ownership (e.g. consumables, maintenance, delivery, spares, staff training, invoicing and supplier support).
- u. Risks: What risks are associated with the purchase? How will they be managed? What are the risks to Ara of not completing the purchase?
- v. Benefits: These include savings on existing outgoings and productivity gains. Do the benefits warrant the expenditure? A Cost Benefit Analysis should be carried out.

3.3.1 Short Form Business Case

Completion of the Short Form Business Case is required for: a.

OPEX purchases between \$100,000 and \$250,000;

b. CAPEX purchases between \$10,000 (three quotes needed for \$2k up to \$10k) and \$100,000; and

c. Renewing a Preferred Supplier Agreement

The template for the Short Form Business Case is available from Finance. (to be developed)

3.3.2 Full Business Case

Completion of a Full Business Case is required for:

a. Any purchases in excess of \$250,000 on an aggregated annual spend;

b. CAPEX purchases over \$100,000; and

c. Establishing a new Preferred Supplier Agreement.

The template for the Full Business Case is available from Finance. (to be developed)

3.3.3 Total Cost of Ownership

The implications of the Total Cost of Ownership (TCO), for the development of the Business Case need to be considered.

These costs need to be calculated for the expected life of the asset or contract and included in: a.

The business case; and

b. The OPEX and CAPEX budget estimates for the applicable years.

c. Items that may need to be included in TCO calculations are:

i. Delivery costs

ii. Storage

iii. Installation

iv. Consumables v. Training

vi. Upgrade costs

vii. Maintenance costs

viii. Servicing/compliance contract

ix. Utilities costs

x. Building costs

xi. Insurance

xii. Disposal costs

xiii. Replacement costs (if the original purchase has a significant impact on the options available for future replacement)

3.3.4 Risk Profiling and Risk Management

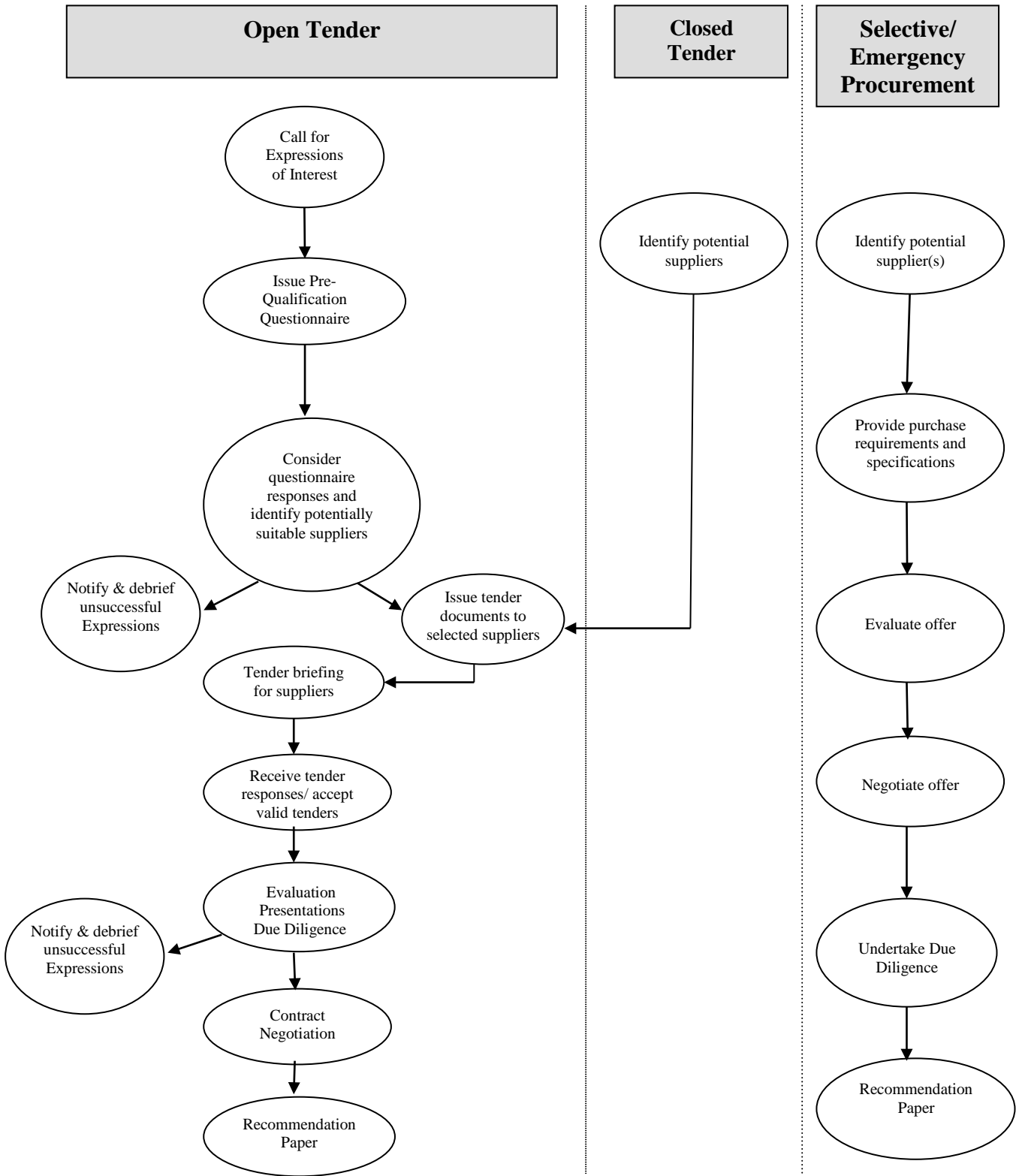
A risk assessment needs to be included in the Business Case. The risks that Ara has to manage in any procurement decision are:

Technical risks	<ul style="list-style-type: none"> <input type="checkbox"/> The clarity of the specification of what is to be purchased and the suppliers' likely ability to meet that specification. <input type="checkbox"/> The technical viability of the likely proposed solution.
Business risks	<ul style="list-style-type: none"> <input type="checkbox"/> That the specification as described will meet Ara Institute of Canterbury Ltd's needs. <input type="checkbox"/> The completeness of the contract. <input type="checkbox"/> The cost – value for money for Ara. <input type="checkbox"/> Timeliness of the procurement. <input type="checkbox"/> Adequacy of monitoring processes for contracts of supply.
Political risks	<ul style="list-style-type: none"> <input type="checkbox"/> The public perception of the procurement process and decision. <input type="checkbox"/> The transparency of the proposed process such that questions of probity should not arise.
Management of	<p>Mitigation strategies.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Health and safety management and compliance costs <input type="checkbox"/> Financial consequences of the risk being realised. <input type="checkbox"/> Monitoring actions being proposed. <input type="checkbox"/> Identifying who is responsible for ensuring the risk is mitigated.

3.4 Tender Process to Recommendation Stage

3.4.1 Outline of Tendering Processes

The various tender processes are illustrated in the following chart. **Note** that the chart does not include the pre-tender processes i.e. business case development and approval, development and approval of tender documentation, or the approval to accept offer phase.



3.4.2 Generic Procedures for Open and Closed Tenders

a. Evaluation Team

An evaluation team should be assembled consisting of a minimum of **three** staff; each individual staff member to conduct the tender, one of which is appointed as the Tender Manager. The team should have full input into all stages of the process and agree on the final recommendation submitted to the CFO.

The people appointed as evaluators should bring to the task the required technical, commercial and, as appropriate, legal knowledge and experience, as well as the ability to make a balanced judgement to avoid any suggestion of bias. At least one individual will be appointed from outside of the faculty/section managing the final contract.

The task of evaluation is often big enough to justify a larger evaluation team. In this event, the work of the team can be better served if the requisite skills are spread among the members. The membership of the team could also be varied for different aspects or stages of the evaluation.

The ultimate users of the procured goods or services can contribute a valuable perspective to the evaluation process. A product may meet all the technical specifications set for it, but be difficult or impractical to use by those who have to make it work.

b. Tender Process – Communication Principles

The tender process should be a level playing field – all prospective suppliers should have exactly the same opportunities and information provided within the RFP/RFQ. Any real or perceived bias or interference with the process can create a legal risk for Ara.

The evaluation team need to be conscious of the potential for things said and done to create unrealistic expectations or to mislead the other party as to Ara Institute of Canterbury Ltd's intentions.

If in doubt at any point of the process, the evaluation team should seek advice from the CFO and/or Ara Institute of Canterbury Ltd's legal counsel.

c. Communications Prior to Tender Process

As a general rule there should be no communications held with potential suppliers about possible future tenders.

If preliminary work is required to be undertaken prior to tender it should be done by someone independent of the subsequent tender process or, if it can only be undertaken by a potential supplier, then it should be made clear in writing that Ara has no commitment to enter into any future arrangement with the supplier.

d. Meetings with Potential Suppliers

As part of their tender response preparation process, prospective suppliers may wish to meet with the evaluation team to clarify requirements regarding the goods or services to be provided, and how these may be tailored or developed more specifically to Ara Institute of Canterbury Ltd's needs. Proposed service providers must provide or have provided evidence of their health and safety commitment. Contractors must complete Ara health and safety induction process.

For complex, high cost or strategic tenders it may be necessary to provide prospective suppliers with a pre-tender briefing. If this is the case the details of the briefing should be made known on distribution of the tender documents.

To ensure that all prospective suppliers are given the same opportunities, the conditions of the tender should specify level of access to the evaluation team and/or documents as part of the tender response preparation process.

e. Communications during the Tender Process

It is very important to ensure that communications during the tender process between Ara and prospective suppliers are strictly controlled and carried out in a fair and transparent manner.

Instructions in the tender documents will provide a contact person to whom all general enquiries about the tender process should be directed.

The evaluation team members must avoid informal discussions with prospective suppliers about the tender process – regardless of whether a previous working relationship may exist between the parties. Informal exchanges may not only compromise the tender process, but also expose Ara to legal risk.

Sometimes prospective suppliers will seek further information or clarification of material in the tender documents – any further clarification or information provided as a result of such an enquiry must be provided to all prospective suppliers in a formal manner.

It is also prudent to ensure that, where possible, all formal and informal communications that provide information, clarity or guidance must be in writing (including email) to ensure there is no doubt about what has been communicated.

All key discussions with prospective suppliers, including information passed to them should be noted and included in a communication register for the particular tender. Headings for the communications register should include:

- i. Date;
- ii. Prospective Supplier;
- iii. Questions asked; iv. Answers provided; v. When provided;
- vi. Where stored;
- vii. Who else (i.e. other prospective suppliers) information has been provided to; and
- viii. When it was provided to other prospective suppliers.

f. Documentation

The documents that may be used for open and closed tenders, depending on the specification of the purchase, are the Request for Quotation (RFQ) or the Request for Proposal (RFP):

- i. Use the Request for Quotation (RFQ) when the specification is clear and there is little flexibility available in the solution;
- ii. Use the Request for Proposal (RFP) when there is flexibility available in the solution provision, i.e. when the desired outcome is specified but there are options to be

examined for its delivery. An example is the provision of proposals for the financial models available in leasing computer equipment.

The templates for a RFQ and RFP are available from Finance. (To be developed.)

- iii. Tender documents should comprise three parts:
 - The rules and conditions of tender, response due dates, the required form of responses and the procedures to be followed by those responding;
 - The specification of what is to be procured and the criteria against which tenders will be evaluated;
 - The intended conditions of contract for supply.

As the conditions of the tender document will be incorporated into the standard Contract for Services with the successful supplier, Ara Institute of Canterbury Ltd's legal counsel should be consulted when drafting the tender documents.

g. Safeguarding Ara - Seeking Legal Advice

If in doubt about the appropriate course of action at any point of the tender process, Ara Institute of Canterbury Ltd's legal counsel should be consulted.

- i. When seeking legal advice in relation to a tender process, ensure that all communications about the tender process are available.
- ii. To ensure that Ara Institute of Canterbury Ltd's procurement decisions and processes are supportable and do not create legal risk for Ara legal counsel must be consulted to review:
 - Requests for Quotation;
 - Requests for Proposal;
 - Preferred Supplier Agreements; and □ Contracts for Services.
- iii. If any contract or document noted in the above list does not comply with the parameters of the policy or procedure legal advice must be sought and management must authorise the documents. For example:
 - If Ara Institute of Canterbury Ltd's standard templates for the documents listed above are being altered or deviated from; and/or
 - If any of the mandatory clauses in the templates are not included.
- iv. Note that the CFO has the responsibility and accountability to request that legal counsel be consulted whenever there is a belief that legal risk is being created. Exposing Ara to unnecessary risk is likely to be deemed a breach of the Code of Professional Practice and Principles & Practices Governing all Contractual Arrangements Policy; there must be well documented reasons for not acceding to the CFO request.
- v. Note that it is critical to err on the side of caution and seek legal advice when any concern exists.
- vi. Documents that are to be reviewed by legal counsel should be forwarded to the Contracts Administrator in Finance. In a covering memo please include:
 - Name of the person to return the reviewed document to;
 - Date by which review needs to be completed in order to meet other timetabled events

- Specific questions, if any;
- Special circumstances which may validate divergence from standard processes.

h. Conditions of Tender

- i. Conditions of tender should include at least:
 - The date and time by which, and the place at which, tenders must ordinarily be received.
 - The sole point of contact for the tender and the methods of communication that may be used.
 - How tender documents should be identified and to whom they should be addressed.
 - A statement that Ara has the right to reject any tender that does not comply with the instructions provided to suppliers.
 - A statement that Ara will not accept late tenders.
 - Confidentiality requirements.
 - A statement that the lowest or any tender will not necessarily be accepted.
 - The required presentation medium of the tender proposal (written, oral or combination).
 - Particulars of the information required and the format in which it is to be presented.
- ii. As appropriate, conditions of tender may include:
 - A statement regarding whether Ara will accept and consider a tender that offers an alternative to Ara Institute of Canterbury Ltd's specifications.
 - A statement regarding whether the terms of any tender may be subject to negotiation, whether before or after evaluation, and if so, under what conditions.
 - Notification of the reservation of any of Ara Institute of Canterbury Ltd's rights, together with any associated disclaimer of responsibility.

i. Acceptance of Tenders

The tender documents should establish the criteria to be met for a tender to be accepted for consideration. In general terms this will be when the tender is confirmed as:

- i. Providing all the information required and in the form required which excludes using email or faxes when submitting a tender.
- ii. Not containing any unacceptable conditions of supply.

j. Specification of Purchase

A specification needs to be clear, concise, comprehensive and accurate. Otherwise the product or service may not be shown to meet Ara Institute of Canterbury Ltd's needs.

The specification of what is to be bought must address two broad subjects:

- i. The business/functional requirements of the product/service; what it is expected to do, and by when

- ii. The characteristics of the product/service, e.g. by reference to any recognised industry standards. The physical characteristics should include:
- Technical requirements
 - Operational requirements
 - Performance standards
 - Quality assurance requirements

The specification should be drawn up so that it does not exclude alternative products or alternative suppliers from consideration. Specifying what is to be bought only in terms of a brand name or a particular supplier's product is not acceptable.

k. Evaluation Criteria

An outline of the criteria against which responses will be evaluated should be included in the tender documents. The criteria should include that Ara Institute of Canterbury Ltd's procurement policy is to be adhered to. The criteria will ensure that the prospective supplier has supplied sufficient information for the evaluation panel to be able to make a meaningful comparison with other suppliers.

l. Terms of Trade

The preferred term of trade that Ara adheres to and, in general, expects its suppliers to adhere to are the payment of invoices by 20th of month following. Any departure or change to this should only be agreed to if it benefits Ara.

m. Receiving, Opening and Registering Tender Responses

Tender responses should be identified as such as soon as they are received. The tender conditions should include a statement that responses are to be clearly labelled to ensure that, on receipt by Ara, it is properly treated. All tender responses received up to closing time should be held by someone having specific responsibility to do so, and remain unopened and secure from possible interference.

Tenders will not be accepted if received by email or fax.

At the designated closing time, all tender responses received are to be opened, date-stamped and have their particulars entered in a register for that particular tender in the presence of more than one person.

After registration, the tender responses should be held together in secure conditions ready for evaluation.

n. Maintenance of Documentation and Electronic Records Management

Security of documentation in the procurement process is important and is critical in the tendering process – any failure to maintain the security of documents could lead to Ara being liable in a breach of the rules of tender.

Process	Points to Note
Filing of hard copy documents	<ul style="list-style-type: none"> • Locked cabinet required • Access must be limited to the person named as the receiver of tender documents or their delegate
Filing of soft copy documents	<ul style="list-style-type: none"> ☐ Requires files with passwords on server
Response Register	<ul style="list-style-type: none"> ☐ Requires a register of actions taken re tender responses, e.g. dates received, questions asked and answered

o. Accepting Valid Tender Responses

All tender responses received are to be registered. Invalid tenders will be disqualified and the reasons for the disqualification are to be entered on the register.

Acceptance criteria as outlined in the RFP/RFQ is to be prepared for deciding whether a response can be accepted as valid.

Comparing a response against the acceptance criteria may be a relatively simple task for an uncomplicated purchase, or it may require considerable expertise for a specialised or complex purchase. Particularly in the latter case, the comparison may call for the exercise of judgement, including whether to seek post-tender negotiations if this option is available.

Accordingly, people who have the necessary degree of knowledge and experience should be assigned to this task.

p. Late Tender Responses

Generally late responses will not be received unless the reason for the lateness is not a result of the actions of the prospective supplier, such as a natural disaster or accident to the courier of the response. In these cases Ara must be certain that there is no possibility of collusion or the late supplier having knowledge of other responses.

q. Recall of Tender

Where all of the responses are non-compliant, or cannot be adequately or fairly compared, or there is evidence of collusion between prospective suppliers, or there has been a significant change to the requirements, the tender will be recalled. All prospective suppliers should be formally advised that the tender has been recalled and the reason for this decision.

r. Evaluation of Proposals

The evaluation criteria form the primary mechanism for determining which response proposal most effectively meets Ara Institute of Canterbury Ltd's requirements. The criteria should:

- i. Address compliance with the specification, distinguishing between mandatory and desirable features
- ii. Require calculation of the Total Cost of Ownership of the proposed purchase. The TCO should be calculated on the same basis for all proposals

- iii. Prescribe a logical and defensible method of distinguishing between proposals
- iv. Facilitate the evaluation of features which are desirable, but not mandatory, and allow for assessment of features offered by the supplier in addition to those in the specification
- v. Enable, for more complicated evaluations, meaningful weightings or relative values to be assigned to different features, together with a method of combining those weightings for ranking purposes
- vi. Identify and evaluate risks associated with each proposal
- vii. Provide a basis for determining whether and how to conduct the evaluation in stages, leading to a final short list
- viii. Enable competitive local content to be noted at the shortlist stage

The evaluation process needs to lead to a decision. The decision may be to recommend acceptance of a particular supplier or that no proposal be accepted. Whatever the outcome, the decision should be adequately supported by documentation showing how it was reached. This will enable the decision to be defended and will provide a useful source of information for future comparable situations.

The templates for tender evaluations are available from Finance. (To be developed)

s. *Presentation of Proposals*

It may be necessary to invite prospective suppliers to make oral presentations on the capabilities of their products or services. The tender documents should make reference to this possibility.

The presentations also provide an opportunity for the evaluation team to seek additional information relating to the supplier and their proposal. It is standard practice to receive presentations from only those suppliers that have been short-listed after a first round of evaluations.

t. *Due Diligence of Proposals*

It is strongly recommended to conduct due diligence of the top proposals for new suppliers. Due diligence may consist of supplier/client site visits, reference checks, trials and samples. The purpose of due diligence is to provide a level of comfort to those evaluating and approving the purchase of goods and services that the selected supplier is successful, reputable and in a position to provide the goods as they have advised in their tender response.

u. *Post Tender Negotiations*

Post tender negotiations can be an economic alternative to rejecting proposals outright and calling for a fresh tender. The terms under which negotiations may be conducted should be included in the conditions of tender.

The negotiations should be conducted in a professional manner and with a high regard for fairness and equity, both to the individual supplier and between suppliers. It is not acceptable to play one supplier off against another.

Post-tender negotiations present an opportunity for Ara and supplier to explore possible mutual benefits and cost reduction in areas such as:

- i. Terms and conditions of supply
- ii. Delivery
- iii. Terms of payment
- iv. Warranties
- v. Ongoing maintenance

The conduct and outcome of negotiations should be properly documented, particularly in relation to the precise terms agreed between the parties.

- v. Negotiating the Contract The need to keep the other party at arm's length does not end with the selection of a preferred proposal. It is important to maintain an appropriate distance when negotiating the contract with the preferred supplier.

When negotiating a contract, the Tender Manager needs to be aware of Ara Institute of Canterbury Ltd's bargaining position and ensure that nothing compromises that. The acceptance of gifts and hospitality at this stage of the process could impact Ara Institute of Canterbury Ltd's bargaining position, so care must be taken.

3.5 Completion of a Recommendation Paper

At the completion of the evaluation, due diligence and negotiation stage a Recommendation Paper needs to be prepared and submitted to the CFO for approval to award the contract.

Ara should always be able to demonstrate that the tender process has been undertaken in an equitable and transparent manner. The details provided in the Recommendation Paper should attest to this fact.

The Recommendation Paper is an executive summary of the tender process and should conclude with a recommendation. Matters must be satisfactorily addressed in a Recommendation Paper include:

- a. Summary of tender purpose
- b. The tender timeline – key milestones
- c. Overview of the Expression of Interest and who responded (if applicable)
- d. Overview of the Pre-qualification Questionnaire responses and evaluation (if applicable)
- e. Summary of proposals by respondent
- f. Summary of the proposals by key evaluation criteria e.g. Price, Service, Innovation g. Evaluation scores
- h. Summary of due diligence results by respondent (if applicable)
- i. Recommendations

The template for the Recommendation Paper is available from Finance. (To be developed)

3.6 Awarding the Contract

3.6.1 Awarding a Contract

The decision to award a contract is to be taken in accordance with Ara Institute of Canterbury Ltd's policies for exercising authority to commit expenditure.

The CFO has the responsibility to approve authority to enter into a contract and needs to be satisfied before doing so that all relevant criteria and procedures have been complied with.

3.6.2 Conditions of Contract

The conditions of contract for supply will differ according to the nature and circumstances of what is being procured.

Ara Institute of Canterbury Ltd's Standard Contract template must be adhered to as a minimum.

The drafting of a contract in accordance with the conditions set out in the tender documents requires careful wording and advice is to be obtained from Ara Institute of Canterbury Ltd's legal counsel in all cases.

The template for the Standard Contract is available from Finance. (to be developed)

3.6.3 Execution of the Contract

The contract and completed tender checklist need to be forwarded to the CFO for execution.

3.6.4 Briefing Unsuccessful Suppliers

A decision needs to be made about the timing of notifying unsuccessful suppliers. There are two decision points and two possible notification points:

- When the suppliers have not been included in the final shortlist and have therefore been eliminated from further evaluation;
- When a final decision has been made and approved by the CFO.

Unsuccessful suppliers are to be informed why their proposal was not successful in order to lessen the chance of the supplier deciding not to bid for future tenders. Such advice will be limited to matters strictly relating to the proposal submitted and the application to that proposal of the evaluation criteria.

Preparing a tender response can incur significant effort and expense on the part of a supplier. Ara has an obligation to give proper consideration to every response and to be able to demonstrate that it has done so and reached a sustainable decision on each tender.

Ara should be able to make specific observations on each proposal. While preserving the interests of other suppliers, it should be able to provide an assessment of the relative merits of one proposal by comparison with other proposals.

3.6.5 Communication with the Media re Ara Procurement Decisions

All communication with the media is to be cleared by or conducted by the PR & Communications Manager.

Accordingly, any approaches by the media should be referred to the PR & Communications Manager. The evaluation team should not attempt to answer queries themselves.

If a procurement decision is likely to arouse media interest the Tender Manager and the CFO should ensure that the PR & Communications Manager is briefed adequately.

3.6.6 Ending the Contract

All contracts are required to have a definitive end date. Some contracts will contain right of renewal clauses. Right of renewal clauses should not automatically proceed and consideration must be given to ensure that the ongoing need for the good(s) or services(s) is justified and the financial terms and conditions remain appropriate.

Depending on the nature of the goods or services being provided, it may be appropriate that at the end date of a contract it is renewed, renegotiated or 'rolled over' with existing contractual terms and conditions. If this is thought to be desirable then guidance and approval should be sought from the Chief Financial Officer.

Depending on the nature of the contract there may be a need to address some issues upon contract termination. Areas that may need to be looked at include:

- Notifying suppliers
- End of contract - reviews
- Ensuring that Ara retains any of its goods or assets being used by suppliers
- Ensuring that Ara retains its Intellectual Property
- Long term record retention
- Issue of completion certificates
- Final payments and release of retentions
- In some cases, warranty commitments and obligations or insurance liabilities will continue for a period of time. Confidentiality requirements may continue to apply after the end of the contract.

3.7 Tender Options

3.7.1 Open Tender

An open tender is the preferred tender method for Ara as it gives all potential suppliers the opportunity to tender (subject to reasonable restraint on the extent of advertising). Ara may benefit from consideration of tenders from a wide range of suppliers. The disadvantages are that it can increase the cost, required resources and lengthen the timeframes involved. The steps required to undertake an open tender are detailed below.

Step	Description	Reference
1	Register the desire to tender with the CFO and obtain clearance to proceed to Business Case formulation	
2	Form an Evaluation Team and research information for the business case	
3	Prepare a Business Case and submit to CFO for approval	
4	Commission a tender checklist and response register	
5	Map a timeline of the process and key milestones	
6	Prepare the Pre-qualification questionnaire	
7	Advertise for expressions of interest	
8	Receive and register expressions of interest	
9	Issue Pre-qualification questionnaire	
10	Receive and evaluate the questionnaire responses short listing to a maximum of 5 suppliers	
11	Prepare and issue tender documentation	
12	Receive, register and evaluate tender responses	
13	Where possible, further short list to a maximum of 3 suppliers to conduct face-to-face presentations (if required and applicable)	
14	Complete due diligence of the 3 suppliers (if required and applicable)	
15	Complete final evaluation and select a preferred candidate	
16	Negotiate with the preferred candidate to an agreed (subject to approval) position	
17	Complete a recommendation paper and submit to CFO for approval	
18	If approved, conclude the contract with the successful supplier and put into operation	
19	Request New Supplier is entered in the FMIS	
20	Complete unsuccessful suppliers letters and conduct de-briefing sessions (if required)	

a. *Advertise for Expressions of Interest*

The purpose of advertising for Expressions of Interest is to provide the opportunity for all potential suppliers to be considered for the tender.

The advertisement needs to identify Ara, the purchase and the general nature and purpose of the intended purchase. Other information to be included in the advertisement will depend on how the tender is to be conducted.

Advertisements should be placed in whatever newspapers, trade journals and other publications are reasonably necessary to alert potential suppliers of the opportunity.

All current Preferred or Approved Suppliers (where applicable) should be contacted personally and advised of the Expression of Interest.

Suggested **minimum** publications and insertions:

Publication	Date	Date
The Christchurch Press	Saturday	Wednesday
The Star	Saturday	Wednesday
Christchurch Mail	Saturday	Wednesday

Refer to Appendix C for a template/sample of a Expressions of Interest Letter.

b. Registering Interested Suppliers

Registrations of interest from suppliers should be numbered and logged with identifying particulars. Registration documents should be held together in secure conditions ready for the dispatch of the pre-qualification questionnaire.

c. Issuing Pre-Qualification Questionnaire

The pre-qualification questionnaire is structured to provide summary information to the evaluation team for the purpose of determining a shortlist of suppliers that will participate in the tender process.

Typically the questionnaire should seek to ascertain the following information about a prospective supplier:

- i. Size and structure
- ii. Regional / national presence
- iii. Capabilities and capacity to service a large multi site customer
- iv. Experience with educational institutions

The template for a Pre-qualification Questionnaire is available from Finance. (to be developed)

d. Evaluate Pre-Qualification Questionnaire Responses

Receive and evaluate completed questionnaires to determine a short-list of a maximum of 5 suppliers. The short-list should contain those suppliers most likely to have the capabilities, capacity, experience and value to meet the requirements of Ara for the goods and services being procured.

3.7.2 Closed Tender

a. Closed Tenders

Under a closed tender, tender documents are issued to a predetermined list of suppliers. A list of predetermined suppliers can be established through a number of different means such as:

- i. Existing supplier relationships;
- ii. Previous dealings that Ara has had with suppliers (previous tender rounds); and
- iii. References from other tertiary institutions.

Closed tenders have advantages when only a limited number of suppliers are considered to have the capability to supply and when confidentiality is important. Closed tenders help to control tender-related costs by limiting the number of responses, but can also carry the risk that a better source of supply may be excluded.

PROCEDURE

Step	Description	Reference
1	Register the desire to tender with the CFO and obtain clearance to proceed to Business Case formulation	
2	Form an Evaluation Team and research information for the business case, in particular why a closed tender is the preferred method and how the list of suppliers was determined.	
3	Prepare a Business Case and submit to CFO for approval	
4	Commission a tender checklist and response register	
5	Map a timeline of the process and key milestones	
6	Prepare and issue tender documentation	
7	Receive, register and evaluate tender responses	
8	Conduct face-to-face presentations (if required and applicable)	
9	Complete due diligence of the suppliers (if required and applicable)	
10	Complete final evaluation and select a preferred candidate	
11	Negotiate with the preferred candidate to an agreed (subject to approval) position	
12	Complete a recommendation paper and submit to CFO for approval	
13	If approved, conclude the contract with the successful supplier and put into operation	
14	Request New Supplier is entered in the FMIS	
15	Conduct de-briefing sessions with unsuccessful suppliers (as required)	

b. Identifying Potential Suppliers

The basis for identifying potential suppliers is from the information about them. The source of this information may be Ara Institute of Canterbury Ltd's own records of past dealings, other tertiary institutions, procurement consultants or the suppliers themselves through pre-tender research. Whatever the source, the evaluation team arranging the tender should satisfy themselves that all information used is:

- i. Formally recorded;
- ii. Accurate;
- iii. Relevant; and
- iv. Up to date.

For large or complex purchases, it may be necessary to enlist the services of internal or external persons having specialist skills and knowledge of the particular procurement category.

Once potential suppliers have been identified, they must be listed in the Business Case along with the rationale as to why they were selected. A list of suppliers not selected and the reasons should also be included in the Business Case.

3.7.3 Selective Procurement

Procurement is selective when it is made from a supplier without having invited competing proposals from any other supplier:

Sometimes the cost of tendering for goods or services can exceed the benefits of the tendering process. For this reason the procurement procedures provide sufficient flexibility to use an alternative procurement approach such as Selective Procurement. Where a departure is made from the standard procurement procedures, adequate information should be included in the Business Case outlining the rationale for the approach.

a. Selective Procurement may be justified:

- i. Where the goods or services required are available from only one source. This fact should be adequately attested to;
- ii. Where the costs of conducting a tender may be out of proportion to the value of the purchase or the benefits to be gained;
- iii. When Ara knows that only one supplier has the capacity to deliver at the time required; iv. Where standardisation or compatibility with existing equipment or services is essential;
- v. Where a supplier has special knowledge or where a special relationship exists between the supplier and purchaser, e.g. consultants with knowledge of Ara through previous assignments; and
- vi. Where there is a legal requirement or directive to use one supplier.

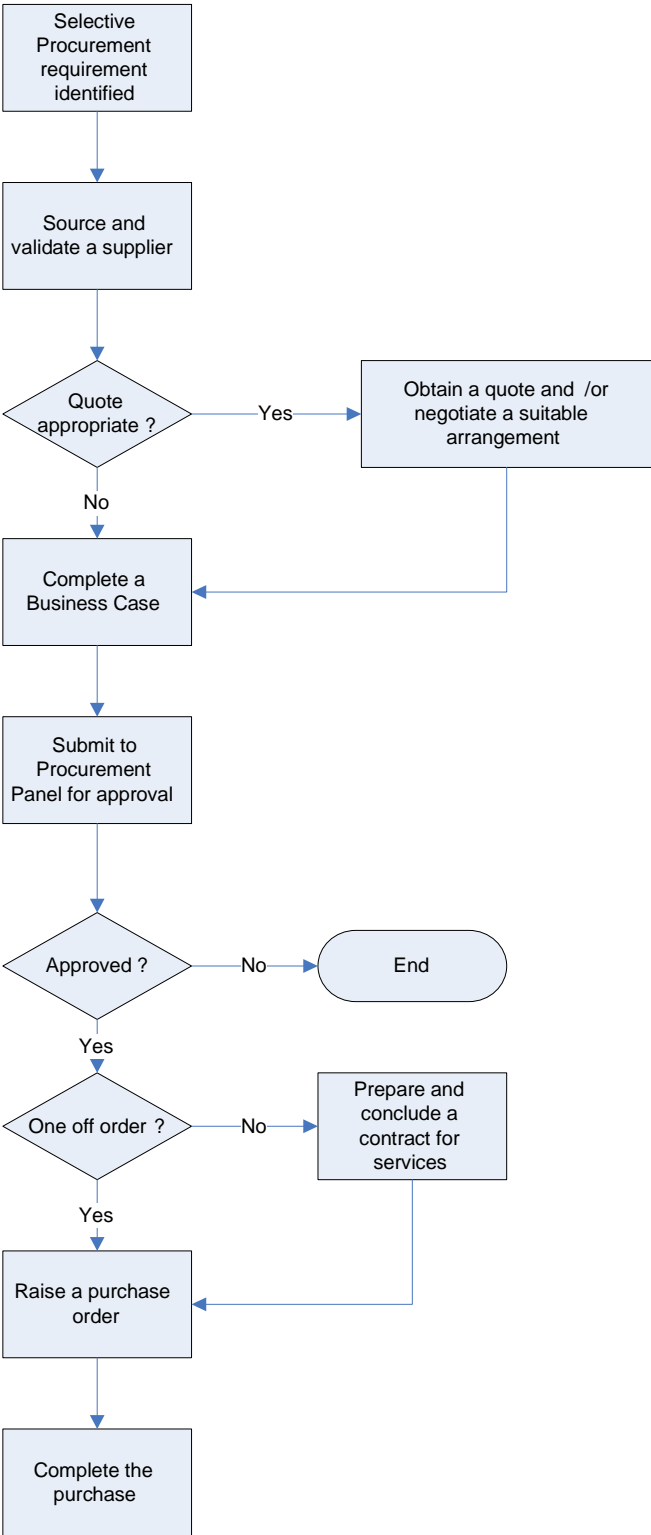
b. Justification for Selective Procurement should be re-examined at regular intervals, as it may have the effect that:

- i. The most competitive price and terms are not obtained;
- ii. The best source of supply is not found; and
- iii. Potential suppliers, whether known or unknown, will not be given equal chance to compete for the business.

c. Before approving a Selective Procurement, the CFO must be assured that adequate steps have been taken to ensure the supplier's suitability, the results of which should be included in the Business Case. These steps should include (with the supplier's consent):

- i. Obtaining references that attest to the standards of the supplier's past performance
- ii. Conducting supplier site visit (if applicable)
- iii. Conducting supplier client site visits (if applicable)

Selective Procurement Process Flowchart



3.7.4 Emergency or Exceptional Procurement

An emergency purchase is one that is undertaken to meet the imperatives of an unforeseen situation. Emergency Procurement ought to be infrequent. It is distinct from a Selective Procurement. ***At least 1 member of Management Team must be contacted to seek approval to proceed with an Emergency Procurement over \$5,000. Under \$5,000 requires the approval of line managers.***

Effective planning should obviate the need for Emergency Procurement. To warrant an Emergency Procurement, the situation should be one that genuinely justifies all normal procurement rules being set aside. Such a situation can occur when:

- Life or property is immediately at risk
- Delivery of Ara Institute of Canterbury Ltd's service would be significantly impaired if Ara failed to respond promptly
- A legal or compliance obligation arises

Key elements of an Emergency Procurement include:

Aspect	Points to Note
Quantities	<input type="checkbox"/> Quantities purchased should be limited to those necessary to cope with the particular emergency.
Price	<input type="checkbox"/> Reasonable steps must be taken to ensure that a fair price is obtained in the circumstances. <input type="checkbox"/> If circumstances permit, a market examination should be undertaken, albeit in a limited capacity.
Documentation	<input type="checkbox"/> Reasons for emergency purchases are to be documented using the Emergency Procurement Justification Paper template. <input type="checkbox"/> A Purchase Order must also be completed prior to the purchase, if at all possible, or as soon as possible after the purchase.
Approvals	<input type="checkbox"/> The Emergency Procurement Justification Paper must be signed off by Management at the time of, or as soon as possible after, the event. <ul style="list-style-type: none">• The Purchase Order must be appropriately approved prior to or as soon as is practicable after the purchase.

3.7.5 Emergency Procurement Justification Paper

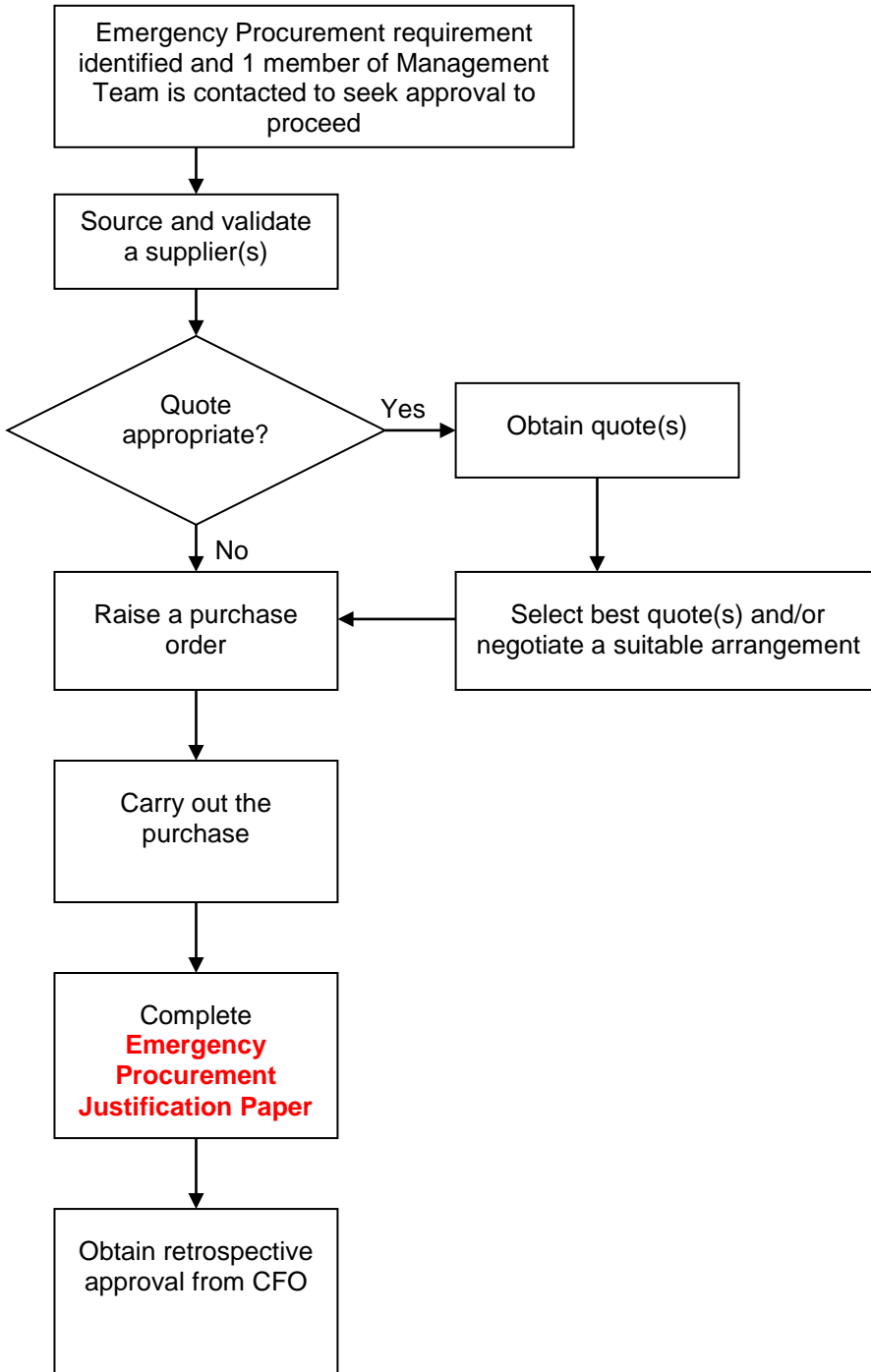
An **Emergency Procurement Justification Paper** (rather than a Business Case) is completed for OPEX purchases **above \$50,000** where an emergency purchase is required.

The justification paper must provide:

- The specific reason and cause for the emergency purchase;
- Sufficient specification of what is to be acquired;
- Details of the expenditure; and
- Details of any quotations received.

The template for the Emergency Procurement Justification Paper is available from Finance. (To be developed)

Emergency Procurement Process Flowchart



3.8 Preferred Supplier Agreements (PSA)

Preferred Supplier Agreements are arrangements negotiated to maximise Ara Institute of Canterbury Ltd's ability to leverage price and conditions through contracts for supply.

Preferred Supplier Agreements are contracts for supply of goods or services for which a set price has been negotiated for supply over a defined period. Delivery and payment terms are also negotiated to match Ara Institute of Canterbury Ltd's periodic needs for the goods or service.

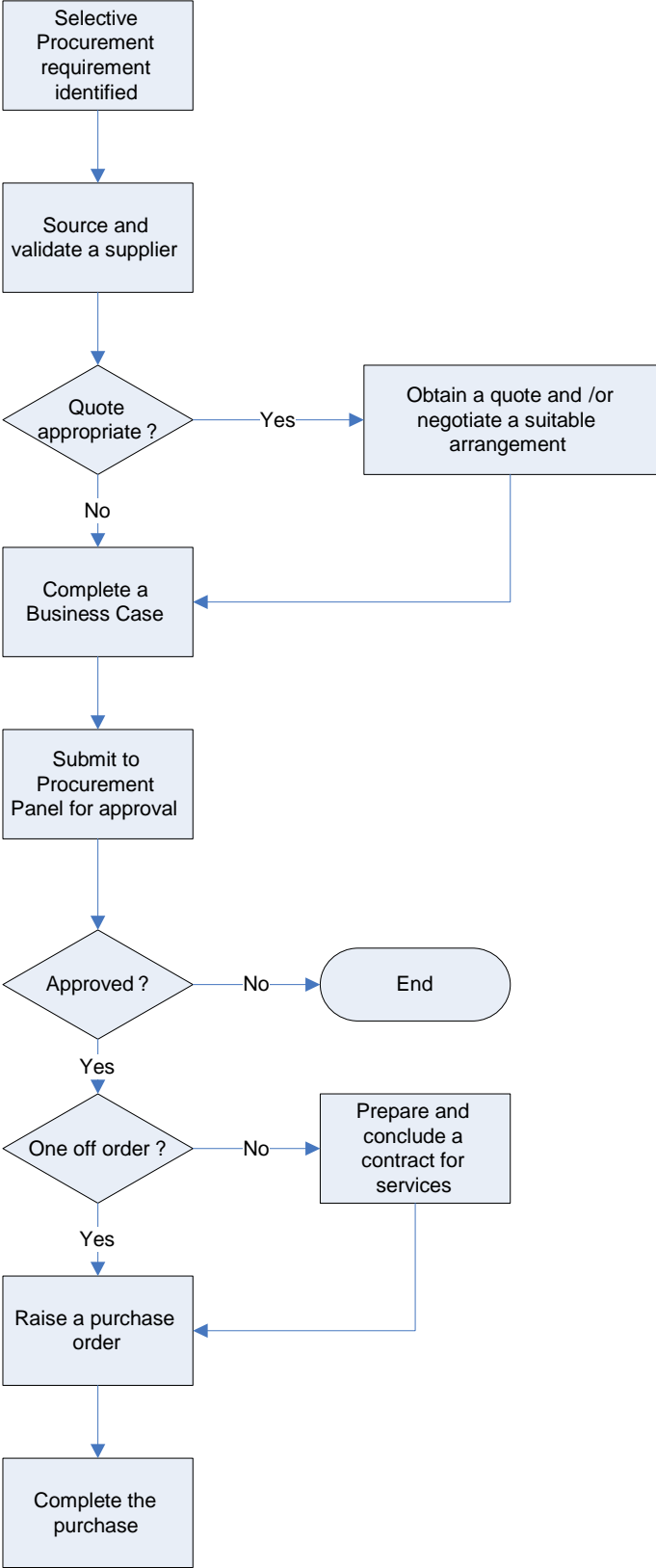
Preferred Supplier Agreements provide an opportunity for substantial cost savings for Ara in the procurement of goods or services that are used widely across the organisation. The savings are generated through the pricing economies that may be realised, the efficiencies in procurement through aggregating volume, and through having a consolidated tendering process that accommodates the different requirements across campus.

Preferred Suppliers are to be used where available, as the negotiation of price and supply has already been carried out. The upfront costs in time and money have been expended to save future time and cost for Ara.

Once executed, Preferred Supplier Agreement details are to be forwarded to Finance.

The template for the Preferred Supplier Agreement is available from Finance. (To be developed)

3.8.1 Developing a Preferred Supplier Agreement (PSA)



3.8.2 Preferred Supplier Relationship Management

The following table shows the principles of supplier relationship management and the information that needs to be accounted for in contracts for supply:

Principles	Contract for supply to include information about:
Relationship Management	<ul style="list-style-type: none"> • Who in each party is responsible for the managing the relationship? • What are the rules of engagement? • How is delivery monitored against the terms of the contract for supply?
Performance Indicators (SLA)	<ul style="list-style-type: none"> • What will the supplier be measured on? • How often will the assessment take place? • What remedies will be available if performance indicators are not met? • Who will determine when remedies are required and at what level?
Communication	<ul style="list-style-type: none"> • How will communication strategies be implemented to assist in supplier management? • What are the communication standards and agreed methods? • What contact points are acceptable?
Invoice Processes	<ul style="list-style-type: none"> • What is the agreed process for invoicing? • What are the payment conditions, e.g. 20th of month following, payment within 7 or 14 days?
Commercial Decisions	<ul style="list-style-type: none"> <input type="checkbox"/> If changes are required to the contract, i.e. brand supplied, delivery schedules, payment dates; who is authorised to make them, using what processes for consultation and notification?
Term	<ul style="list-style-type: none"> <input type="checkbox"/> What is the term of the contract and what termination/information hand over requirements exist?

The template for a Standard Service Level Agreement is available from Finance. (To be developed)

3.8.3 Monitoring Preferred Supplier Performance

Where the goods and services to be delivered are developed over a period of time, it is important that key milestones are established and specified in the Contract.

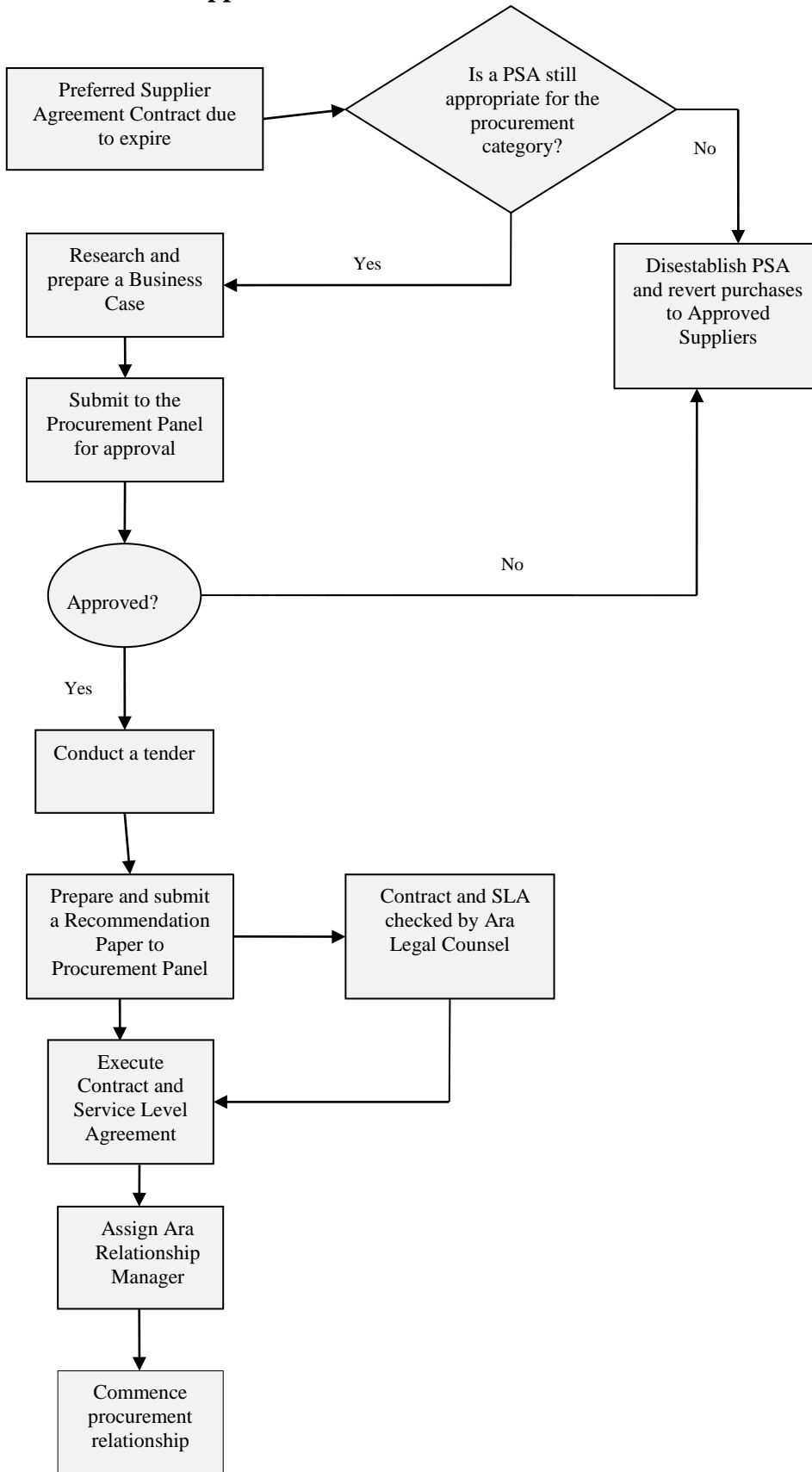
The milestones should provide key performance criteria by which Ara can monitor and evaluate the progress made by the supplier to deliver the product/service to the required standard (cost,

timeframe and quality standards). This ensures the service/goods supplier continues to provide the best value for the use of public funds and thus completes the procurement process.

The results of the ongoing monitoring are to be recorded and signed off. The person(s) monitoring should obtain sufficient evidence of the likelihood of the key targets being met in time, cost and quality. Documentation of the reviews should briefly describe the nature of the evidence obtained, and include an opinion on the likelihood of targets being met and whether or not action will be necessary to bring performance back on target. Where there is a change in the scope of the work (such as cost) approval needs to be sought from the person with the appropriate authority.

Where the contract is for a service relationship such as outsourcing, then it is equally important that levels of service performance are established at the beginning of the contract period. A Service Level Agreement (SLA) needs to be agreed between the parties and included in the Appendices of the Contract.

3.8.4 Preferred Supplier Contract Renewal Process



3.9 Templates

Throughout this document, reference is made to Ara Institute of Canterbury Ltd's standard templates for use in procurement.

Responsibility	Responsibility met by:
It is a requirement that the standard templates are used	<ul style="list-style-type: none"> • Ensuring templates are available and accessible • Ensuring only the originals of templates are available • Ensuring guidance is offered to those completing templates
All mandatory fields must be completed and must not be removed	<ul style="list-style-type: none"> • Ensuring the template provided has locked fields so deletion cannot occur • Ensuring that only originals of templates are completed (i.e. previously submitted papers not to be overwritten)
Optional fields should be completed where possible and considered carefully before a decision regarding relevance to the particular purchase	<ul style="list-style-type: none"> <input type="checkbox"/> Taking account of completeness of information required for decision making by Management
Failure to comply with the standard templates may expose Ara to legal liability	<ul style="list-style-type: none"> <input type="checkbox"/> CFO or delegate to check that correct templates are completed
Where changes are deemed to be required, Ara Institute of Canterbury Ltd's legal counsel must be consulted.	<ul style="list-style-type: none"> <input type="checkbox"/> CFO to determine if legal counsel consultation is required

Templates for use are:

3.9.1 Short Form Business Case

3.9.2 Full Business Case

3.9.3 Emergency Procurement Justification Paper

3.9.4 Pre-qualification Questionnaire

3.9.5 Tender Evaluations

3.9.6 Request for Quotation

3.9.7 Request for Proposal

3.9.8 Standard Contract

3.9.9 Standard Service Level Agreement

3.9.10 Preferred Supplier Agreement

Related Documentation

- **CPP307 Procurement and Disposal**
- CPP102 Disclosure and Management of Conflicts of Interest
- CPP105 Acceptable Use and Conduct for ICT Users
- CPP106 Intellectual Property
- CPP117 Raising Problems or Complaints
- CPP210 Staff/Contractors Involvement in Outside Activities
- CPP211 Code of Professional Practice
- CPP301 Corporate Travel
- CPP302 Financial Management
- CPP303 Budget Allocation and Monitoring
- CPP304 Discretionary Expenditure
- CPP305 Fraud
- CPP309 Principles and Practices Governing All Contractual Arrangements
- CPP402 Use of Vehicles for Ara Business

Related Forms (to be developed)

- *Short Form Procurement Business Case*
- *Full Procurement Business Case*
- *Emergency Procurement Justification Paper*
- *Pre-Qualification Questionnaire Template*
- *Request for Quotation Template*
- *Request for Proposal Template* to be developed
- *Tender Evaluation Template*
- *Recommendation Paper Template*
- *Standard Contract Template*
- *Standard Service Level Agreement Template*
- *Preferred Supplier Agreement*

Appendices

- Appendix A - Tender Checklist
- Appendix B – Sample Open Tender Timeline
- Appendix C – Sample Expression of Interest

Appendix A - Tender Checklist

#	Description	Int.
	Tender Preparation	
	A tender package was prepared according to the goods and services being procured with special care taken to avoid inadvertently creating a contractual situation during the tender process.	
	The tender documentation was completed to the standards as outlined in the Procurement Procedures, including the selection criteria, stating whether due diligence may be undertaken, whether post tender negotiations are likely and clearly specified the date and time tenders close.	
	The rules, criteria and processes specified in the Procurement Policy and Procedures were followed in preparing the tender documents.	
	The Tender Manager was named as the contact person for the tender.	
	A Conflicts of Interest register was completed by the evaluation team and accompanied the Business Case submitted to Management.	
	Tender Interactions	
	All suppliers received the same information throughout the tender - both written and verbally.	
	All suppliers were treated in a fair and equitable manner throughout the tender.	
	All suppliers were advised of any change in the criteria, rules or procedures.	
	All tender packages were distributed in the same manner on the same day ensuring that no supplier got an undue time advantage or disadvantage.	
	Each receiver of the tender package was able to confirm receipt.	
	Where a pre-tender briefing was held, details of the briefing were made known to all suppliers upon distribution of the tender documents.	
	Where a supplier requested further information or confirmation of information all other suppliers were provided with the same response.	
	If the tender period was extended, all suppliers were notified in writing on the same day; a day that was prior to the tender closing day and the time extension was applied to all suppliers.	
	A list has been maintained of all suppliers who were provided with a tender package, including details on all subsequent communication with the suppliers ensuring they were all treated fairly.	
	Receiving and Registering Responses	
	The date and time of receipt was recorded on each response document.	
	All response documents were kept in a secure place un-opened until after the tender period is closed and until the evaluation team had congregated for the opening of the responses.	
	As each response document was opened the details were recorded in a response register as per part 3.4.2.13 of the Procurement Procedures.	
	Any late responses that were accepted, were as a result of the actions outside the control of the supplier and the evaluation team was satisfied that there that there is no possibility of collusion or the late supplier having knowledge of other responses.	

	In the instance of a full recall the tender, all suppliers were formally advised that the tender had been recalled and the reason for this decision.	
	Every step possible was taken to ensure the information provided in the responses remains confidential.	

	Evaluating Proposals	
	A team of at least three people have been responsible for the selection of the recommended proposal.	
	Each team member undertook their own independent evaluation of the proposals.	
	Each proposal was carefully considered, on an equal basis, against the evaluation criteria established. The outcomes of the consideration are fully documented including the scores awarded and the reason for those scores.	
	The team ensured that each proposal complied with any mandatory criteria and where it did not the proposal was precluded from further consideration.	
	Where due diligence was required, the suppliers were notified in writing of the processes to be undertaken and the timelines.	
	The team did not select the recommended proposal based on price alone (unless the tender was for a simple procurement of goods or for a short term service contract). The total cost of ownership was considered and low-priced offers were carefully scrutinised to determine whether all factors were included.	
	The team met to determine a single score per proposal and to agree on a recommendation.	
	Post Tender Negotiations	
	Post tender negotiations (if any) were undertaken in a professional and ethical manner, were sustainable without compromising quality and did not disadvantage other suppliers by negotiating an agreement which was materially different in scope from that of the original tender.	
	Recommendation Paper of the Preferred Candidate	
	The Tender Manager has completed the recommendation paper as per the template [web link] (with enough detail about the process and the outcome to enable the CFO to make an informed decision), attached this checklist and sent the recommendation to Management.	
	Awarding the Contract	
	Once the recommendation was approved the successful supplier was notified formally in writing.	
	Each unsuccessful supplier has been notified that their tender was unsuccessful, the name of the successful supplier, and has been offered feedback on the reasons why their tender was unsuccessful.	
	Post tender briefings have been provided to those suppliers who requested such.	
	The contract has been completed as per the Standard Contract template , and approved by Ara Institute of Canterbury Ltd's legal counsel.	
	The contract has been signed by the successful supplier and along with this check list has been forwarded to Contracts Administrator in Finance for filing.	

Appendix B – Sample Open Tender Timeline

	Task	Date	Who
-	Research phase and Business case production	As required	Ara
-	Submission of Business Case to Management	As required	Ara
-	Information gathering for production of tender document	As required	Ara
A	Expression of Interest (EOI) advertising and targeted notification	As required	Ara
B	Deadline for receipt of EOI's	A + 5 business days	Suppliers
C	Distribution of pre-qualification questionnaire to EOI respondents	B + 1 business day	Ara
D	Questionnaire submission deadline	C + 5 business days	Suppliers
E	Evaluation of submissions and short list a maximum of 5 suppliers	D + 3 business days	Ara
F	Tender document sign-off by legal counsel	E + 5 business days	Ara
G	Notification to successful short listed suppliers	F + 1 business day	Ara
H	Notification to unsuccessful suppliers	F + 1 business day	Ara
I	Distribution of tender documents to short listed suppliers	G + 1 business day	Ara
J	Submission of supplier tender questions	I + 5 business days	Suppliers
K	Response to supplier tender questions	J + 2 business days	Ara
L	Proposals to be submitted	K + 20 business days	Suppliers
M	First round evaluation of proposals	L + 5 business days	Ara
N	Face to face presentations	M + 5 business days	Suppliers
O	Due diligence process (as required)	N + 5 business days	Ara
P	Final evaluation of proposals and post tender negotiations	O + 5 business days	Ara
Q	Recommendation paper submitted to the CFO	P + 3 business days	Ara
R	Approval of successful supplier	-	Ara
S	Draft contract, SLA and KPI documents sent to successful supplier	R + 1 business day	Ara
T	Complete negotiations and execution of contracts with supplier	S + 5 business days	Ara
U	Notification to market of successful vendor	T + 2 business days	Ara
V	Debrief unsuccessful suppliers (if requested)	U + 10 business days	Ara
W	Submission of implementation plan from vendor (if applicable)	As required	Supplier
X	Arrangements cutover to new vendor (if applicable)	As required	Ara Supplier
Y	If a PSA arrange for details to be loaded in FMS and communicated to staff	As required	Ara

Appendix C – Sample Expression of Interest



Expression of Interest

Cleaning Services

Expressions of interest are sought from suitably qualified organisations for provision of cleaning services to the Ara Institute of Canterbury Ltd (Ara) covering all its campuses.

Ara is a Government Institute of Technology Ltd and is one of New Zealand's largest vocational and applied education providers educating about 30,000 students per annum and is located in Christchurch. Ara services Canterbury with campuses in Madras Street and Sullivan Avenue, Christchurch.

Expressions of interest are sought from organisations interested in providing cleaning services for the Madras Street and Sullivan Avenue sites. We require a solution that is innovative and will provide a sustained reduction in the total cost of ownership. We require services that add value, are consistently of a high standard and where necessary configurable to meet our operational needs.

The Expression of Interest needs only to contain the name of your organisation, contact person, address, phone, facsimile, email and web site address (if applicable). Upon receipt of this information the contact person will be sent a questionnaire to complete and return.

Following consideration of the questionnaire responses, a shortlist will be invited to submit a proposal for the provision of cleaning services to Ara.

Respond by Monday 4 April 4:00pm to:

XXXXXXX
Facilities Manager
Ara Institute of Canterbury Ltd
PO Box 540
Christchurch 8140

Ara reserve the right to decline any or all registrants and to not proceed with the RFP process. No correspondence will be entered into with any declined registrants.