The Proprietors of Waitutu Incorporated

Procurement Policy

Policy number:	GOV10
Policy name:	Procurement Policy
Contact person:	Chairperson
Approval authority:	The Committee of Management
Date of approval:	01 April 2025
Date of next review:	One year after the date of approval
Policy overview:	This policy guides the process for procuring goods and services from third parties for The Proprietors of Waitutu Incorporated.

Procurement Policy

1. Background and purpose

1.1. The purpose of this policy is to:

- provide principles, objectives, and overall framework for guiding the process of procuring goods and services from third parties for and on behalf of the Incorporation.
- help ensure that a consistent and professional practice is in place for supplier selection, spending, and procurement activities so the Incorporation secures the required goods and services while maximising sustainable value for money.

2. Scope

2.1. The policy applies to all CoM members and employees of the Incorporation. The policy applies to all procurement and its associated activities.

2.2. This policy does not apply to:

- employment contracts;
- disposal or acquisition of property; or,
- disposal of assets.

3. Definitions and effects

3.1. Conflict of Interest (Commercial): A circumstance where a supplier (or any associated party e.g., employee, sub-contractor) has an interest, obligation or relationship that may influence the supplier's performance of its obligations under a contract.

3.2. Conflict of Interest (Personal): A circumstance where an individual (or someone associated with an individual e.g., family member, friend) has a personal interest, obligation, loyalty, bias, or relationship that may influence the individual's performance of the responsibilities of their job/position. A Conflict of Interest may result in either positive or negative un-due bias and may result in an individual's independence, objectivity or impartiality being called into question.

3.3. A Conflict of Interest may be:

- actual: where a conflicting interest is influencing you.
- potential: where a conflicting interest could influence you.
- perceived: where you could appear to be influenced by a conflicting interest.

3.4. Contract Management: The process of managing supply contracts and supplier performance to ensure that the intended value and outcomes are delivered, operational performance is optimised, milestones are achieved, and associated risks are appropriately managed.

3.5. Contracted Supplier: A supplier who has been through the Procurement Process and has an on-going contract with the Group.

3.6. Procurement: Procurement is the act of obtaining or purchasing goods and/or services for business purposes and is usually in reference to spending.

3.7. Procurement Value: Means the total value of the expected procurement purchases over the contract period, exclusive of GST.

4. Policy statement

4.1. All procurement undertaken by the Waitutu people must be aligned with the fiduciary duties as outlined in the GOV08 Conflicts of Interest policy with a focus in relation to:

- Duty of Care: Duty of care means to give the same care and concern to their responsibilities as any prudent and ordinary person would manage their personal matters.
- Duty of Prudence: Duty of prudence is to be aware of the risks and exercise caution in decision making. Waitutu people must ensure that they maintain a high degree of professionalism. Compliance with the Incorporations internal accountability and approval policies and processes is paramount.

4.2. All procurement undertaken by the Group must be guided by the following principles of good practice:

- Planned and timely: Be carefully planned with sufficient time and resources assigned in proportion to the size and complexity of the procurement activity.
- Effective and efficient: Be effective and efficient so that the procurement method used is the best utilisation of the Incorporation's money and is proportionate to the risk and value of the procurement purpose.
- Integrity: Be conducted with integrity and in a fair and reasonable manner with the highest professional standards.
- Transparency: Be correctly documented to allow for an audit of the procurement practices and to ensure that procedures and processes have been followed.
- Fairness and impartiality: Selection of, and dealings with suppliers must be fair and equal.

4.3. Failure to comply with the principles of this policy may be considered misconduct and could result in disciplinary action.

5. Procurement objectives

5.1. The following objectives and all processes therein are guided by and follow the Incorporations objectives as outlined in the Incorporations Constitution and the Governance Policy Manual.

5.2. When approaching procurement, consideration must be given to whether the activity aligns with the Incorporation's procurement objectives. The Incorporation's procurement objectives are as follows:

- Tikanga: All procurement activities will align with the Incorporation's tikanga.
- Best value for money: The Incorporation will aim to maximise owners' wealth by entering contracts that are favourable for the Incorporation in terms of cost and quality of goods and services.
- Sustainable sourcing: All goods and services will be sourced sustainably to promote long-term operations.
- Timeliness: Procurement activities will ensure uninterrupted operations for the Incorporation.
- Supplier relationships: will be appropriately maintained and developed to help build enduring relationships that will support reliable supply and value of the Incorporation's required goods and services.
- Strategic alignment: Procurement shall strategically align and reinforce the Incorporation's overall strategy.

6. Procurement process

Key phases

6.1. Table 1.1 below sets out the key phases of procuring goods and/or services. During a procurement process, the phases below may be relevant but also dependant on the value of the goods and/or services being acquired (procurement value).

Table 1.1

Phase	Stage	Details
Plan	**One**	Initiate project
	Two	Identify needs and analyses the market
	Three	Specify requirements
	Four	Plan approach to market and confirm appropriate evaluation criteria
Source	**Five**	Approach market and score suppliers
	Six	Negotiate, select supplier, and award contract
Manage	**Seven**	Manage contract and relationships
	Eight	Review

Procurement value

6.2. The procurement value is an estimation of the maximum total value excluding GST of the spend relating to an acquisition of goods or services at the outset of any procurement. This estimate must consider the following:

- the cost of delivery and preparation for use.
- the potential whole-of-life value of the contracts and/or purchases that may result from the procurement.
- all possible contract extensions and/or renewals.
- all options to purchase additional goods and/or services.
- all revenue streams (e.g., after sales services) any supplier or third party may receive resulting from the procurement.
- other related costs borne by the Group that are deemed as a direct component of the good or service, e.g., a battery.

6.3. Any circumstance where the procurement value cannot be determined, the procurement value shall be assumed to exceed $10,000.

6.4. Approval to purchase/contract must be obtained from the appropriate Delegated Financial Authority (DFA) regardless of the procurement value.

6.5. A business case will be submitted when the procurement value is expected to exceed $10,000.

6.6. A Procurement must not be split into smaller parts to avoid following the correct procurement process (e.g., splitting a procurement into smaller spends).

6.7. Sourcing suppliers and financial thresholds.

6.8. Table 1.2 below sets out the procurement value thresholds and the required procurement activities in the ‘source’ phase for each threshold:

Table 1.2

Supplier Process[1]	1. Under $5k Non-competitive purchase	2. $5k to15k Obtain two quotes	3. $15k to 50k Obtain three quotes	4. Over $50k Open Tender
Obtain DFA approval of plan	Yes	Yes	Yes	Full procurement plan required
Supplier identification	Yes one quote	Yes written quote sought from at least two	Yes written quote sought from at least three	No Open process
	Yes	Written quotation sought from at least two	Written quotation sought from at least two	
RFI, RFP process				Yes
Supplier evaluation				Yes
Vendor shortlist				Yes
Supplier evaluation, negotiation, and selection		Yes	Yes	Yes
Conflict of interest and confidentiality agreements			Yes	Yes
Obtain DFA approval for quotation acceptance	Yes	Yes	Yes	Yes
Signed contract in place	Engaged via purchase order or appropriate minor contract	Yes	Yes	Yes

[1] Refer to Appendix 1 for a detailed supplier process.

7. Supplier selection and contract management

7.1. In alignment with the supplier selection requirements of the four financial thresholds, suppliers and proposals or quotes will be evaluated against the Incorporation's pre-conditions and qualitative criteria using a scorecard approach.

7.2. Precondition

- The supplier must accept the terms and conditions of the contract.
- The supplier must have a New Zealand Business Number or international equivalent if the supplier is not a Kiwi business.

7.3. Qualitative criteria: The supplier should be assessed against an evaluation methodology employing the following criterion:

Criterion	Definition	Weighting
Fit for purpose	Meets or exceeds the Incorporation's technical needs including strategic alignment, sustainability, and quality of goods/ services	25%
Capability and capacity	Has the capability to deliver and meet the contract conditions including scale, expertise, and understanding of the Incorporation	25%
Health & Safety	Has a proven track record of health and safety practices	25%
Value for money	Offers the best possible outcome for the total cost of the goods or services including appropriate fees and payment terms	25%
Total weighting		**100%**

7.4. Ranking: A simple rating scale should be used to rank the Group's agreed requirements to achieve each criterion above.

7.5. Contracts will be managed closely by the Chairperson or delegate employee on behalf of the Incorporation. It is recommended that contract terms are closely monitored and any deviations which negatively impact the Incorporation are resolved with the contracted supplier in a timely fashion.

7.6. The Chairperson will require a contract management plan for each procurement over $15,000 and will report annually in an Annual Procurement Plan any planned contract opportunities for the forthcoming 12-month period that have a procurement value of more than $15,000 Third parties can authorise work to be undertaken on behalf of the Waitutu as specified in the contract, however all payments are to be authorised by the Incorporation.

8. Selective procurement from contracted suppliers

8.1. Certain circumstances will deem that a tender (procurement over $50,000 is not practical and a selective procurement is justified. The circumstances include when the good or service can be procured from a currently contracted supplier and meets any of the following criteria:

- Is a spare part of an accessory required for existing plant and equipment.
- Is a repeat purchase in a time of less than 3 months.
- Is specialised equipment available from only one of few suppliers.
- There is only one supplier available within the time limit.

9. Responsibilities

9.1. The Committee's responsibilities include the following:

- Accountable for setting the strategic direction of the Incorporation with short to long term plans and monitoring of the Incorporation's progress against them.
- Establishing an effective and sustainable operations team and succession plans, which should include the identification and development of Committee successor candidates, as well as the ultimate selection of management.
- Ensuring the Incorporation has the 'right' people with the necessary experience and skill to complete operational activities 'on the ground.'
- Ensure they are not involved in the administration and day-to-day running of the Incorporation and focus is the ongoing improvement of the group's growth aspirations and achievements.
- Ensuring oversight of the Incorporations activities especially those relating to critical risks and be consulted and made aware of 'less critical risk' relating to primary areas of board oversight including people.
- Ensuring there is timely reporting for decision-making and risk management.
- Ensures that there are adequate financial controls over the procurement process to safeguard the financial resources of the Incorporation.
- Monitors compliance of the Procurement Policy and reports all serious deviations to the DFA and Committee as soon as practicable.
- Ensures correct documentation for all procurement activities and the storage of documentation for a minimum of seven years.
- Works within the DFA to on-board a new supplier.
- Signs the contract with a new supplier.
- Receives from employees all upcoming procurement activity for consideration.
- Contract management which may be delegated down (the Chairperson will require a contract management plan for each procurement over $15,000).

10. Procurement documentation/ records management

10.1. In accordance with New Zealand legislation and the Incorporations Expenses and Accounts Payable Policy, all expenditure must be supported by an original itemised invoice or receipt. A GST invoice is required for all expenditure within New Zealand if the supplier is GST registered.

10.2. All records of procurement processes, recommendations, decisions, reports, and contracts awarded must be kept for audit purposes, for a minimum of seven years.

10.3. The Secretary is responsible for centrally managing the storage of procurement records supporting the spend.

10.4. Hard copies of all signed original contracts must be filed securely.

10.5. Electronic copies of all signed original contracts must be sent to the Chairperson.

11. Non-compliance

11.1. Procurement by Waitutu People must be conducted in a manner that complies with the Incorporation's GOV01 External Communication policy.

11.2. Failure to comply with the principles, requirements and expectations outlined in this Procurement Policy or breach of responsibilities may be considered misconduct. The Chairperson will report incidents and, in coordination with the DFA and Committee, determine whether non-compliance will result in disciplinary action.

12. Conflicts of Interest

12.1. Procurement by Waitutu People must be in accordance with the Incorporation's Conflict of Interest Policy.

12.2. All Waitutu People must complete, sign, and submit a Conflict of Interest and Confidentiality Agreement form at the commencement of their involvement in any procurement with a procurement value of $15,000 or more.

12.3. Table 1.3 sets out example procurement conflicts of interest that may arise for Waitutu People. For all instances including the below examples, the person should provide the Chairperson and Committee with details of the conflict.

12.4. Failure to declare a conflict of interest or making a false conflict of interest declaration may be regarded as serious misconduct.

Table 1.3

Relationship with potential supplier	Likely level of conflict
Owns the company or will receive direct benefit if supplier awarded contract	Extreme
Spouse / Partner / Whānau / Children own or hold shares in the company or will receive direct benefit if supplier awarded contract	High - Very high
Same Marae	Very small
Member of the same community organisation	Very small
Same iwi / lives in the same community	Negligible
No relationship	No conflict

13. Emergency procurement process

13.1. In an emergency it may be necessary to depart from parts of the procurement process outlined in this Policy. This may be relevant when the Chairperson or another Waitutu persons needs to react quickly to unforeseen events.

13.2. Emergency procurement must be approved by the DFA immediately prior to procurement.

13.3. Any departures from this Procurement Policy or process must be approved by the Committee.

13.4. Emergency procurement should only be used when it is necessary and should be limited to what is required to cope with the emergency. Poor planning or organisation of a procurement does not justify using the emergency procurement process.

13.5. An emergency is defined as an event which puts:

- Life, property, or equipment at immediate risk.
- Standards of public health, welfare, or safety, requiring re-establishment without delay, such as in the case of disaster relief or.
- The Incorporation's service delivery at risk of impairment if it failed to respond promptly.

14. Policy amendments

14.1. The Incorporation can change this policy at any time as part of our policy review process.

Appendix 1 - Procurement Process

The procurement process generally includes the following steps:

Process	Details
Initiate Project	• Initiate a project that requires procurement activities to complete the project.
Identification of need	• Recognising the need for a particular product, service, or work for the project. • Determining the quantity, quality, specifications, and other relevant details.
Specification requirements	• Defining the detailed requirements and specifications for the desired goods, services, or works. • Outlining technical, functional, and performance requirements. • Estimate procurement value.
Plan approach to market	• Plan the approach for identifying suppliers in the market based on the four financial thresholds presented in section 6. • Present procurement plan to obtain DFA approval.
Supplier identification	• Gather a database of potential suppliers for procurement expenditure through researching the market. This may involve online searches, industry directories, and networking within the industry. • Perform a pre-qualification assessment of the supplier to ensure they meet pre-conditions and have the key capabilities and qualities that align with the Incorporation's procurement principles and objectives. This includes a scan to ensure that suppliers are not associated with a bad reputation or fraudulent activities.
RFI and vendor shortlist	• For financial threshold four, procurement exceeding $100,000, the Incorporation sends out a Request for Information (RFI) to the list of suppliers to gather more information about their offerings, capabilities, and other relevant details. This helps in understanding how well they align with the Incorporation's requirements. • Create a supplier shortlist tool (SST[1]) and perform an assessment of each supplier using the SST[1] to filter through suppliers. • Site visits and customer reference checks may be conducted at this stage or at the supplier selection stage to ensure the quality and quantity of the product/service, processing approaches, and validate any other required aspects. The Committee meets to review the scores and shortlists suppliers.
RFP	• Based on the scorecard results, invite selected suppliers to submit detailed proposals or quotes. This is conducted by preparing and sending a Request for Proposal (RFP) to the suppliers. The RFP should clearly outline the Incorporation's needs, expectations, evaluation criteria, terms, and conditions. • The Incorporation requires an RFP from suppliers for procurement exceeding $50,000. • The RFP ensures that the Incorporation can gain an understanding of the supplier's payment terms and how the supplier considers sustainability in its products and operations.
Supplier selection	• The Incorporation creates a supplier selection tool (SST2), and the procurement team evaluates the received proposals/quotes using the SST2. • The SST2 should assess suppliers based on factors such as cost, quality, delivery timelines, after-sales support, past performance, and strategic alignment. • The Committee meets with shortlisted suppliers to negotiate and reach mutually acceptable terms and conditions. This may involve price negotiations, contract terms, and volume discounts. After the negotiation phase, the Committee selects the supplier(s) that best meet the Incorporation's needs.
Contract creation	• The Incorporation or supplier drafts a formal procurement contract with the terms and conditions negotiated favourable to both parties. • The contract includes the scope of work, performance metrics, delivery schedules, payment terms, and other relevant provisions. Ensure prices have been benchmarked against industry standards. • The Committee on-boards selected supplier(s) into the procurement process. This may involve setting up communication channels and ensuring compliance with regulatory requirements. The Committee ensures on-going performance monitoring of suppliers with regards to their financial status, quality of products, and timeliness of deliveries.
Order issuance and filling	• Issue the first purchase order (PO) and receive from supplier as specified in the contract and PO.
Invoice processing and payment	• Process the supplier's invoice based on the terms outlined in the contract and PO. • Initiate the payment process in accordance with the agreed payment schedule.
Contract management	• Assess supplier's performance in terms of quality, timeliness, communication, and adherence to contractual obligations and monitor the ongoing performance of the supplier throughout the contract period. • Manage changes, modifications, or issues that arise during the contract. • Cultivate a positive and productive relationship with suppliers for potential future collaborations.