



Procurement and Contract Management Policy

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Owner	Manager Corporate Services and Finance
Approver	Deputy Chief Executive – Legal and Corporate
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Purpose

1. The purpose of this Procurement and Contract Management Policy is to ensure that the Serious Fraud Office (SFO):
 - achieves public value through best practice procurement; and
 - uses the most appropriate contracting model for each engagement and proactively manages contracts with suppliers to drive results and maximise outcomes.
2. Procurement covers all the business processes associated with purchasing the goods/services/works the SFO uses to run its business and deliver its public service objectives. This includes the engagement of professional advisers, contractors and consultants, the purchase of ICT products or services and sourcing of general goods and services from suppliers, sourcing of external legal advice, establishing and purchasing from corporate shared services contracts.
3. This policy outlines the approach that the SFO will take to planning, sourcing and managing its procurement, including contract management of suppliers.
4. This policy applies to, and must be followed by, all employees, secondees and contractors, employed or engaged on any basis by SFO, whether they are casual, temporary or permanent, full time or part time.

Definitions

5. **Conflict of Interest** means a conflict between a public duty and private, personal and/or other interests. Conflicts of interest may be actual, potential or perceived (see the SFO's Conflict of Interest policy).
6. **Contract Register** means the SFO's contract database in ServiceNow (CASPER).

7. **Financial Delegation Holder** means the person with the delegated financial authority to enter into or commit to contracts in accordance with the SFO Delegation of Financial Authority policy.
8. **All of Government Panel** includes Common Capability Contracts and Contractor and Consultant panels managed by the Ministry of Business, Innovation and Employment or the Department of Internal Affairs (including Marketplace ICT arrangements).
9. **Procurement Plan** is a plan to document the need for specific goods, services or works and the outcome the SFO wants to achieve. It usually includes the procurement approach, indicative costs, specification of requirements, indicative timeline, evaluation approach and an explanation of the broader outcomes the SFO will seek to achieve through the procurement, along with internal approvals required.
10. **SFO Panel Contract** means any panel contract that the SFO has joined which isn't strictly an All of Government Panel but is managed by another government agency for the use and benefit of other agencies (such as the Face 2 Face Interpreting Panel established by MBIE), or an internal panel of suppliers which has been established by the SFO for the provisions of certain goods and services following a formal procurement process.
11. **Whole of Life Cost ("WoLC")** is the value of a contract, or where relevant a Statement of Work (SoW), including all costs associated to deliver the contract or SoW, over the contract or SoW's entire life. Therefore, the Whole of Life cost calculation would include the purchase costs, one-off costs, disposal costs and should include the value of the full term of the contract or SoW, including any renewal or extension periods.

Principles

12. The SFO will apply the *Government Rules of Sourcing* when planning, sourcing, and managing its procurement, as these *Rules* set the standard for good practice (including financial thresholds and procedures for advertising procurement opportunities). The *Rules* can be found at: www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/.
13. The way the SFO buys its goods and services will vary depending on the value, complexity and risk involved. The approach best suited to the individual purchase will be applied, within the framework of the *Rules* – encouraging competitive tendering whenever possible.
14. The five *Principles of Government Procurement* (Appendix 1) must be considered for all SFO procurement activity no matter what the value of spend. The aim of applying these principles is to ensure that the delivery of public value is a primary focus in all SFO procurement activity.

15. **Public Value** is achieved by the SFO following the government's expectations of how we conduct our procurement activity by adhering to the *Government Procurement Charter*. The charter expects the SFO to:
- seek opportunities to include New Zealand businesses;
 - undertake initiatives to contribute to a low emissions economy and promote greater environmental responsibility;
 - look for new and innovative solutions;
 - engage with businesses with good employment practices e. promote inclusive economic development within New Zealand;
 - manage risk appropriately; and
 - encourage collaboration for collective impact.

Procurement

Planning (See Appendix 2: Procurement Process Checklist)

16. All Procurement activities must be properly planned and then approved by the Financial Delegation Holder and the Manager Corporate Services.
17. When planning procurement projects, employees will:
- (a) Consult appropriate subject matter experts early in the planning phase as relevant to the activity, its value and its associated risks.
 - (b) Consult with ICT and the Manager Corporate Services if wishing to source ICT products and services, regardless of value.
 - (c) Consult with the Manager Corporate Services to:
 - Establish if there is a suitable existing supplier arrangement.
 - Agree any due diligence and reference checking required.
 - Identify a process to be followed to obtain a quote or proposal from a supplier if appropriate.
 - Seek approval for direct sourcing and any exemptions or opt-outs from the Government Procurement Rules.

Sourcing

18. When the SFO buy goods/services/works, employees will:
- Purchase off All-of-Government Panels where they exist or use existing SFO Panel Contracts for the goods and services that those cover.
 - Give all suppliers with the necessary capability and capacity a full and fair opportunity to compete.
 - Use Government model contract templates which suppliers are familiar with.
 - Choose suppliers that can demonstrate their ability to meet the SFO's specified functional and quality requirements.
 - Choose suppliers that can demonstrate their ability to meet the government's Protective Security Requirements (as adopted by the SFO).
 - Consider the potential information and other security risks associated with using any particular supplier or supplier-type (such as privacy and information breaches, vulnerable equipment, loss of data), and conduct the necessary due diligence and prepare appropriate contract obligations to ensure that suppliers can manage those risks for the duration of the contract.
 - Choose suppliers that offer the best value for the SFO over the lifetime of the goods/services/works, taking into account:
 - all the costs of ownership or use over that lifetime
 - the suppliers' ability to deliver what the SFO needs at a fair price and on time
 - the social, environmental and economic effects of the deal
 - what can be done under the government's Progressive Procurement Policy to increase supplier diversity in SFO procurement, such as how contract opportunities can be promoted to Māori businesses through GETS, or other appropriate channels.
19. The SFO's decisions and practices must be able to withstand public scrutiny at all times. Throughout its procurement activities, employees involved in the process will:
- Clearly record planning, processes and decisions for easy auditing.
 - Disclose potential and actual conflicts of interest on request at the appropriate stages of the process, but also as soon as the potential for a conflict of interest is identified.

- Identify risks and get the right person to manage them.
- Act lawfully, ethically and responsibly.

20. In any competitive procurement process, the SFO will:

- Treat all bidders fairly and with respect.
- Be clear about what is required and how they will be assessed before going to market.
- Protect their commercially sensitive information and intellectual property.
- Offer a debrief to unsuccessful bidders.

Thresholds

21. The SFO's standard procurement processes are based on monetary thresholds:

Whole of Life Cost – NZ\$ excluding GST	Procurement method	Contract type
Up To \$1,500	Direct Purchase from a supplier. <i>Paying by P-Card is preferred in accordance with SFO's Payments Policy.</i> <i>ICT or Manager Corporate Services must be consulted before purchasing any ICT products or services.</i>	Not required Payment on invoice.
\$1,500 up to \$29,999	1) Direct purchase from a supplier or 2) Obtain quotes from two or more suppliers at the discretion of the Financial Delegation Holder	<ul style="list-style-type: none"> • Statement of Work • Letter of Engagement • Supplier contract/terms and conditions
\$30,000 up to \$100,000	1) Closed Request for Quote from two or more suppliers or 2) Direct purchase from All of Government Panel or SFO Panel Contract	<ul style="list-style-type: none"> • Contract for Services/Goods (SFO contract, SFO Panel Contract or existing All-of-Government contract) • Services Order • Statement(s) of Work

Whole of Life Cost – NZ\$ excluding GST	Procurement method	Contract type
Over \$100,000	1) Secondary procurement process using government collaborative contract (more than two quotes required for contracts over \$100,000) or 2) Open tender using the Government Electronic Tender Service (GETS) Approach must be documented in a procurement plan approved by the Manager Corporate Services. Conflict of Interest declarations must be completed by the procurement team and any evaluation panel.	<ul style="list-style-type: none"> • SFO contract • All-of-Government Panel contract • SFO Panel Contract • Marketplace Collaborative Agreement

Conflicts of interest

22. Potential and actual conflicts of interest must be declared, documented, and managed for all selective and competitive procurement processes where the whole of life value of the contract to be awarded exceeds \$100,000, or otherwise at the request of the procurement team.
23. In all cases and to avoid doubt, a Financial Delegation Holder must not approve or sign a contract where they have a Conflict of Interest which may compromise or bias their professional judgment and objectivity (See conflict of Interest Policy)

Contracts (See Appendix 3: How to order services under a contract)

24. All purchases with a Whole of Life Cost over \$30,000 must be recorded in a written contract signed by the appropriate Financial Delegation Holder.
25. The Legal Services team will advise on the appropriate contract for each engagement, in consultation with the Manager Corporate Services, and will draft and review any contracts required.
26. Consideration should be given to any specific security and information management requirements to be imposed on the supplier when drafting the contract, and/or how the SFO will communicate its requirements and monitor supplier performance during the life of the contract.
27. For purchases off an All-of-Government Panel or SFO Panel contract where the contract is already signed, template Services Orders or Statement of Work under that contract will be used to describe specific services required.

Contract Management

28. The SFO's expectations for contract management are as follows:
- The relevant Financial Delegation holder must nominate a person to be responsible for managing the operational delivery of the contract. This person will be known as the Contract Manager. The Contract Manager may be the Financial Delegation holder themselves.
 - All contracts must be recorded in the Contract Register by the Contract Manager and copied to the finance team on request.
 - Contract Managers are expected to manage the relationship with the supplier, monitor their performance and the financial spend (in conjunction with the Financial Delegation Holder), monitor contract risks and identify any areas for improvement.
 - Contract Managers are responsible for the issuing of all Statements of Work and Services Orders under the contract with the supplier (in accordance with the table above).
 - Contract Managers must ensure that any contracts that are due to expire have a plan in place for any future or ongoing requirements for the goods or services. This plan is to be discussed with the Manager Corporate Services.
29. When a contract variation or extension would cause the contract to cross the Whole of Life Cost threshold of over \$100,000, employees must consult with the Manager Corporate Services for advice as this may require an open tender process for ongoing goods or services.

Key Accountabilities and Responsibilities

Role	Description of responsibility
Chief Executive	<ul style="list-style-type: none">✓ Has overall responsibility for ensuring SFO meets its obligations under this policy✓ Must approve all consultant and contractor engagements with a WoLC exceeding \$50,000 as per the financial delegations policy.
Audit and risk committee (or SLT)	<ul style="list-style-type: none">✓ Maintains overall oversight of the status of this policy✓ Approves major amendments to this policy

Role	Description of responsibility
Manager Corporate Services and Finance	<ul style="list-style-type: none"> ✓ Provide advice and support to business groups relating to the policy ✓ Approve Procurement Plans, Exemptions and Opt-outs, market approaches and SFO Panel Contracts ✓ Lead the procurement sourcing strategy and process for all high-risk procurement activity regardless of value, market approaches over \$100,000 <p>Assist business groups with any breach management / mitigation activities as required</p>
Managers	<ul style="list-style-type: none"> ✓ Ensure employees are aware of, and compliant with, this policy
Financial Delegation Holder	<ul style="list-style-type: none"> ✓ Compliance with the policy. ✓ Ensure a Contract Manager is assigned to each contract. ✓ Approve contracts, variations and renewals.
Contract managers	<ul style="list-style-type: none"> ✓ Ensure the contract is loaded and maintained on the Contract Management System. ✓ Issue Statements of Work and Service orders under the contract. ✓ Manage and monitor contract delivery, performance and costs. ✓ Identify and manage risks and areas for improvement. ✓ Develop and maintain robust relationships with suppliers, conduct reviews, resolve problems and record overall performance. ✓ Responsible for contract variations and renewals, working with the Financial Delegation Holder.
Legal Services	<ul style="list-style-type: none"> ✓ Drafting of contracts, variations and assistance with sign-off memos. ✓ Assisting with due diligence and risk assessment reviews.
Finance Business Partner	<ul style="list-style-type: none"> ✓ Monitor compliance with the policy on a regular basis. ✓ Ensure the policy is reviewed and updated by the agreed review date.
All employees	<ul style="list-style-type: none"> ✓ Comply with this policy and procedures as applicable to their role ✓ Obtain support and advice early in the process from the Manager Corporate Services and appropriate subject matter experts as relevant to the activity, its value and its associated risk ✓ Consult with the Legal Services team in relation to any contract that has a WoLC above \$30,000

If a role in the policy is unavailable, for example, the role is vacant, then the accountabilities and responsibilities are delegated up to the manager of that role, or to any other role approved by the Chief Executive.

Out of Scope

30. This Policy does not apply to:

- the recruitment of permanent or fixed term employees
- gifts or donations
- core Crown legal matters eg public prosecutions.

Appendix 1

Principles of Government Procurement

1. Plan and manage for great results:
 - Identify what you need, including what broader outcomes should be achieved, and then plan how to get it.
 - Set up a team with the right mix of skills and experience.
 - Involve suppliers early – let them know what you want and keep talking.
 - Take the time to understand the market and your effect on it. Be open to new ideas and solutions.
 - Choose the right process – proportional to the size, complexity and any risks involved.
 - Encourage e-business (for example, tenders sent by email).
2. Be fair to all suppliers:
 - Create competition and encourage capable suppliers to respond.
 - Treat all suppliers equally – we don't discriminate (this is part of our international obligations).
 - Seek opportunities to involve New Zealand businesses, including Māori, Pasifika and regional businesses and social enterprises.
 - Make it easy for all suppliers (small and large) to do business with government.
 - Be open to subcontracting opportunities in big projects.
 - Clearly explain how you will assess proposals – so suppliers know what to focus on.
 - Talk to unsuccessful suppliers so they can learn and know how to improve next time.
3. Get the right supplier:
 - Be clear about what you need and fair in how you assess suppliers – don't string suppliers along.
 - Choose the right supplier who can deliver what you need, at a fair price and on time.

- Choose suppliers that comply with the Government's Supplier Code of Conduct.
 - Build demanding, but fair and productive, relationships with suppliers.
 - Make it worthwhile for suppliers – encourage and reward them to deliver great results.
 - Identify relevant risks and get the right person to manage them.
4. Get the best deal for everyone:
- Get best public value – account for all costs and benefits over the lifetime of the goods or services.
 - Make balanced decisions – consider the possible social, environmental, economic effects and cultural outcomes that should be achieved.
 - Encourage and be receptive to new ideas and ways of doing things – don't be too prescriptive.
 - Take calculated risks and reward new ideas.
 - Have clear performance measures – monitor and manage to make sure you get great results.
 - Work together with suppliers to make ongoing savings and improvements.
 - It's more than just agreeing the deal – be accountable for the results.
5. Play by the rules:
- Be accountable, transparent and reasonable.
 - Make sure everyone involved in the process acts responsibly, lawfully and with integrity.
 - Stay impartial – identify and manage conflicts of interest.
 - Protect suppliers' commercially sensitive information and intellectual property.

Appendix 2

Procurement Process checklist

		Notes
1	Confirm business requirements	Eg. Client Brief or specification of requirements.
2	Prepare business case and/or get funding approved	Must be signed off in writing by Financial Delegation Holder.
3	Establish Whole of Life cost of the purchase	Includes all renewals of term.
4	Confirm if an existing supply agreement already exists (a) Existing SFO supplier (b) Suppliers with capability on All of Government Panel/Marketplace	If existing SFO supplier, contract variation to existing supplier agreement to be approved in writing by the Manager Corporate Services.
5	Confirm sourcing approach and next steps	Consult with Manager Corporate Services
If a formal procurement process is required:		
6	Prepare Procurement Plan <ul style="list-style-type: none"> • Identify Project Sponsor • Describe proposed procurement method (eg Direct purchase, AOG Panel/Marketplace, open or closed RFQ/RFP) • Form of contract • If applicable, names of evaluation panel members • If applicable, evaluation criteria and methodology • Risk assessment • Probity 	<p>For approval of Manager Corporate Services and Project Sponsor.</p> <p>Approved procurement methods are described in the SFO Procurement Policy – <i>dependent on monetary thresholds.</i></p> <p>Any proposed selective procurement of a supplier not on an AOG Panel or on the Marketplace for a WOL contract value of more than \$100,000 will require approval of the Manager Corporate Services. (Opt Out/Exemption rules in Govt Rules of Sourcing apply).</p> <p>Government Model Contract for Goods or Services to be used for purchases under \$100,000. Legal Services to draft.</p>
7	Prepare procurement documentation	<ul style="list-style-type: none"> • Request for Quotes + Response Form • Request for Proposal + Response Form
8	Project team, Procurement Coordinator and Evaluation Panel (if any) to complete conflict of interest declarations	External probity auditor to be engaged for open market tenders to manage probity processes.

		Notes
9	Carry out procurement process and evaluation if applicable	
10	If conducted an evaluation, prepare Evaluation Report	For Project Sponsor approval
11	Notify successful supplier (subject to contract) and complete contract documentation	Negotiate any contract tags raised.

Appendix 3

How to order services under an existing contract?

Step 1

Discuss requirements or resourcing needs with Financial Delegation Holder and Contract Manager (if any).

- Confirm contract and budget exists for services required.

Step 2

Identify a suitable supplier.

- Existing SFO contract with supplier
or
- Choose supplier with capability and capacity on an All of Government Panel or SFO Panel Contract.

Step 3

Obtain financial approval from Financial Delegation Holder.

- Quote from supplier or estimate cost using contracted rates and time commitment required.

Step 4

Prepare and sign paperwork to record services required and cost.

**Legal Services will assist*

- Statement of Work/Services Order/Contract variation.
- Financial Delegation Holder to sign.
- Check with Contract Manager if any delegations/warrants need to be issued or NDAs/s36 authorities required.
- Contract Manager to initially liaise with supplier until staff representative can take over day-to-day instructions.

Step 5

Paperwork filed in SFO Contract Register.

- Contract Manager to file. (*Legal Services can assist*)
- File any delegation/warrant/NDA/s36 documents.