

# Purchasing and Procurement Policy

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Last Review Date:	October 2024
Next Review Date:	December 2027
Approved by:	Organisational Health Committee
Owner:	Group General Manager Commercial Operations

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## Purpose

1. The purpose of this Policy is to detail the expected rules, behaviours, standards and processes for the way MSD buys goods and services, including funding social outcomes across the whole of MSD.

## Policy Statement

2. This Policy aligns to the requirements set out in the Government Procurement Rules (the Rules), the Government Procurement Charter, the Government Procurement Principles, and all relevant legislation.
3. All procurement activity must be conducted in line with this Policy, and in a manner that ensures that MSD maintains a reputation of being fair, transparent, and unbiased towards suppliers/partners/providers, evidenced through sound and robust record keeping. This includes identifying, recording, and managing conflicts of interest.
4. MSD will demonstrate high ethical standards based on honesty, integrity, and transparency in all purchasing and procurement processes and decisions.
5. The use of this Policy is mandated through the MSD Organisational Health Committee.

## Scope

6. This Policy covers all purchasing and procurement in MSD from discretionary spend such as catering and stationery, to commercial goods and services, contractors and consultants and the funding of social outcomes that deliver public services for the benefit of the community, such as welfare, housing, health, education, child wellbeing, justice, and disability support services.
7. This is an MSD-wide Policy and applies to all staff (including contractors or those acting on MSD's behalf) procuring goods, services, works, or who are involved in design, implementation, decision-making, or management of contracts and payments, irrespective of cost of the procurement. This Policy does not apply to the following circumstances:
  - a. Employment of permanent or fixed term MSD staff (although it does apply to the engagement of contractors and consultants).
  - b. Disposals or sales by tender (i.e. MSD selling an asset).
  - c. Investments, loans, and guarantees.
  - d. Travel and sensitive expenditure such as gifts, donations, sponsorships, ex-gratia payments, koha and unconditional grants (although it does apply to conditional grants). These types of expenditure are covered by their own policies.
  - e. Statutory or ministerial appointments.
  - f. Core Crown legal matters.
  - g. Public prosecutions as defined in section 5 of the Criminal Procedure Act 2011.
  - h. goods, services or refurbishment works that are purchased for commercial resale.
  - i. Financial grants paid directly to individual clients of the Ministry under social welfare legislation and programmes.

8. All MSD staff engaged in any stage of a procurement process should be aware of this Policy and the principles of procurement and can reasonably demonstrate practicable knowledge of their application.
9. MSD recognises that it has an obligation under te Tiriti o Waitangi/the Treaty of Waitangi to ensure that Māori perspectives are considered across the design and implementation of policies and service design decisions that will impact on Māori clients. The Ministry's procurement work will endeavour to meet these obligations and those recorded in organisational strategies and actions e.g. Te Pae Tata.
10. This Policy should be read in conjunction with the Related Policies.

## Procurement and Commissioning

11. The term 'procurement' covers all aspects of acquiring, delivering and funding goods, services, assets, and works (including refurbishment). Procurement takes a whole-of-life view, starting with identifying the need and finishing with either the end of a service contract or the end of the useful life and disposal of an asset. This Policy applies to all aspects of the procurement lifecycle.
12. Where a commissioning process results in a decision that MSD may fund or contribute to the funding of third parties to deliver services this is a procurement process and subject to this Policy.
13. This Policy encompasses activities that result in all contract types, including contracts for goods, services, and works, and for activities that result in conditional grants.

## Procurement Principles

14. The Principles of Government Procurement provide the overarching values; they apply even if the Rules do not. MSD gives effect to these principles by ensuring they are embedded in our policies, processes and organisational practice across the Ministry.

*Table 1: How MSD applies the Principles of Government Procurement*

#	Principles of Government Procurement	How MSD gives effect to these Principles
1	Plan and manage for great results	We plan and manage for outcomes that align with MSD priority targets and objectives
2	Be proportionate and right size the procurement	We "right size" our engagement to make it easier for partners to work with us
3	Be fair to all suppliers	We are transparent and impartial in our procurement activity
4	Get the right supplier	We work in partnership with others to get the best outcomes for New Zealanders
5	Get the best deal for everyone	We leverage procurement opportunities to maximise public value to New Zealand
6	Play by the rules	We follow the Government Procurement Rules to ensure trust and confidence in how we engage markets

## Policy Requirements

### Overview

15. There are a number of minimum requirements that apply to the procurement of all types of contracts for goods, services, works, and grant funding under this Policy.

Table 2: Minimum requirements

	Goods, Services, Works	Grants
<b>Planning documents must detail</b>	<ul style="list-style-type: none"> <li>procurement objective</li> <li>market analysis and engagement</li> <li>demand analysis</li> <li>sourcing approach</li> <li>economic benefits</li> <li>evaluation criteria and methodology</li> </ul>	<ul style="list-style-type: none"> <li>grant purpose</li> <li>intervention logic/funding intent</li> <li>targeted recipients</li> <li>funding criteria</li> <li>assessment methodologies</li> <li>contestability processes (if applicable)</li> <li>success criteria</li> </ul>
<b>Procurement sign-off</b>	In line with Policy thresholds	In line with Policy thresholds
<b>Contract type</b>	MSD-approved or AoG contract template	MSD-approved grant funding contract or agreement
<b>Due diligence</b>	Required as part of the award process and throughout the contract lifecycle	Required as part of the award process and throughout the grant lifecycle
<b>Risk management</b>	Risk identification, analysis and management at every stage of the procurement process	Risk identification, analysis and management at every stage of the grant process
<b>Contract management</b>	Plans required for all contracts over \$100,000 (unless otherwise approved)	Plans required for all grants over \$100,000 (unless otherwise approved)
<b>Reporting and monitoring</b>	Required proportionate to the value and risk of the contract	Required proportionate to the value and risk of the grant

16. Unless otherwise specified, all requirements of this Policy apply to all procurement and contracting activity.

### Procurement Process and Threshold Approval Summary

17. When sourcing goods, services, and works MSD will first consider the following:
- Does the Ministry already have a supplier/partner/provider that is contracted to deliver these services e.g. stationery supplier, regional employment provider and the need is in scope of existing arrangements and formed part of the original request, such as an MSD panel contract or agreed service partner contract?
  - Can the need be met via a collaborative contract such as an All of Government (AoG), Syndicated, or Common Capability contract (together referred as “AoG Contracts”)?
18. The diagram below summarises the processes and documentation required for procurement of goods and services at various financial thresholds where MSD has no existing provider. These financial thresholds apply to the entire procurement activity, including all component contracts for the same or substantially similar purposes.

Figure 1: Procurement processes by financial threshold

	Whole of Life Cost	Process	Required Documents
<b>AoG Panel</b> (secondary procurement)	<b>\$0 – \$9k</b>	<ul style="list-style-type: none"> <li>One quote</li> <li>Approval: Budget Holder</li> </ul>	<ul style="list-style-type: none"> <li>Purchase Order / PCard</li> </ul>
	<b>\$10k – \$99k</b>	<ul style="list-style-type: none"> <li>One quote minimum</li> <li>Approval: Budget Holder</li> </ul>	<ul style="list-style-type: none"> <li>AoG contract template / Purchase Order</li> </ul>
	<b>\$100k – \$199k</b>	<ul style="list-style-type: none"> <li>One quote minimum</li> <li>GETS contract award notice</li> <li>Approval: DFA, Budget Holder</li> </ul>	<ul style="list-style-type: none"> <li>Procurement plan</li> <li>AoG contract template</li> <li>Contract management plan</li> <li>Purchase Order</li> </ul>
	<b>\$200k+</b>	<ul style="list-style-type: none"> <li>Three quotes (or Exemption)</li> <li>GETS contract award notice</li> <li>Approval: DFA, Budget Holder, &amp; Procurement Board</li> </ul>	<ul style="list-style-type: none"> <li>Procurement plan*</li> <li>Recommendation report* (or approved exemption)</li> <li>AoG contract template</li> <li>Contract management plan</li> <li>Purchase Order</li> </ul>
	Whole of Life Cost	Process	Required Documents
<b>Non AoG</b>	<b>\$0 – \$9k</b>	<ul style="list-style-type: none"> <li>One quote</li> <li>Budget holder approval</li> <li>Award to NZ Business if possible</li> </ul>	<ul style="list-style-type: none"> <li>Purchase Order / PCard</li> </ul>
	<b>\$10k – \$99k</b>	<ul style="list-style-type: none"> <li>One quote minimum</li> <li>Budget holder approval</li> <li>Award to NZ Business if possible</li> </ul>	<ul style="list-style-type: none"> <li>MSD-approved contract template / Purchase Order</li> </ul>
	<b>\$100k+</b>	<ul style="list-style-type: none"> <li>Open tender or Exemption / Opt-Out</li> <li>GETS contract award notice</li> <li>Approval: Budget Holder &amp; Procurement Board</li> </ul>	<ul style="list-style-type: none"> <li>Procurement plan*</li> <li>Recommendation report* (unless Exemption / Opt-Out)</li> <li>MSD-approved contract template</li> <li>Contract management plan</li> <li>Purchase Order</li> </ul>

\*denotes documents which require Procurement Board sign-off

## Procurement Lifecycle

- Policy settings are embedded through the plan-source-manage phases of the procurement lifecycle.

## Planning

### Approaches to Market

- The way in which the market or provider community is approached must be proportional, determined by the nature and complexity of the service required, the value and length of the contract, and the size of the market or provider community.
- All engagements with a Whole of Life value over \$100,000 must be openly advertised unless a valid Exemption or Opt-Out applies, or a Secondary Procurement process is being used.

### ***Exemptions from Open Advertising***

22. There are some specific circumstances<sup>1</sup> where Agencies may apply an Exemption from a requirement to run an openly advertised or contestable process.
23. Such Exemptions must be based on sound evidence and reasoning and fully documented in the relevant procurement document.
24. Procurements exempted from open advertising are still expected to comply with all other requirements of this Policy and of the Rules.
25. All Exemptions must be approved in line with the approval summary in Section 18 above.

### ***Opt-Outs from the Rules***

26. There are some specific circumstances<sup>2</sup> where Agencies may 'Opt-Out' of applying some of the requirements of the Rules.
27. Use of an Opt-Out must still comply with all aspects of this Policy, and many Rules still apply including operating with integrity, fairness and transparency, application of Economic Benefits, prompt payment times, publication of award notices, supplier/partner debriefs, and contract management plans.
28. Opportunities to conduct competitive market engagements to select providers must still be sought when using an Opt-Out.

### ***Secondary Procurement***

29. Where there is a government collaborative contract (such as an AoG Contract) or an MSD panel of suppliers/partners/providers, all goods and services that are in scope of that panel must be procured from that panel.
30. Secondary procurement through an AoG Contract can involve a direct approach to a single supplier for purchases up to \$200,000. Procurements for goods or services with a whole of life cost over \$200,000 require at least three quotes, and a procurement plan is required to detail the process to be followed.
31. For MSD panels, these secondary procurements are subject to the processes outlined in the specific arrangements of each panel.

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<sup>1</sup> <https://www.procurement.govt.nz/government-procurement-framework/government-procurement-rules/approaching-the-market/exemption-from-open-advertising/>

<sup>2</sup> <https://www.procurement.govt.nz/government-procurement-framework/government-procurement-rules/approaching-the-market/opt-out-procurements/>

### **Direct Award**

32. Where a procurement approach results in a contract directly with one or more supplier/partner/provider (whether as a result of an Exemption, Opt-Out, or in line with the thresholds detailed in Section 18) the following must be demonstrated:
  - The rationale for not conducting a competitive market engagement.
  - How the approach meets the Principles.
  - A value for money/public value assessment has been undertaken.
  - Adequate due diligence has been completed.
  - How the contract will deliver Economic Benefits (Rule 8 of the Rules).
  - The risks associated with the procurement approach.
  - That all suppliers/partners/providers are being given equal access to opportunities (i.e. the same suppliers/partners/providers are not being repeatedly awarded contracts without a competitive process).
33. Unless there is good reason not to, MSD must award procurements below these thresholds to New Zealand (or Australian) businesses that are capable and have capacity to deliver the contract:
  - \$100,000 for goods, services and refurbishment works
  - \$9 million for new construction works.

### **Managing Risk**

34. Potential or actual risks relating to each procurement initiative must be identified at every stage of the procurement process (i.e. plan/source/manage). Steps to mitigate risks should be taken wherever possible. Risks include but are not limited to:
  - a. inadvertently creating a premature contractual relationship
  - b. a business risk to MSD
  - c. a legal risk to MSD
  - d. reputational risk to MSD.
35. A risk-based approach is to be used for procurement processes in line with the MSD's Risk Management Framework. The risk framework assesses the likelihood and impact and enables the development of appropriate mitigation plans. All identified risks will need to be captured on a risk register.

### **Health and Safety**

36. Procurement decisions must consider and identify any health and safety requirements. Under the Health and Safety at Work Act 2015, MSD and some staff have a statutory requirement to:
  - a. Eliminate or minimise risk to health and safety, so far as is reasonably practicable.
  - b. Ensure so far as is reasonably practicable, the health and safety of MSD staff and the workers of suppliers/partners/providers whose activities in carrying out work are influenced or directed by MSD.
37. Managers and staff who are required to undertake procurement need to ensure health and safety is included in procurement decisions and contract management activities, including engaging with the Health & Safety team during planning.

## Sourcing and Selection

### *Evaluation Criteria*

38. Price must be a weighted criterion for all competitive procurement activity, unless expressly approved by the Procurement Board. The Procurement Plan must describe how price / cost will be assessed, regardless of whether it is a weighted criterion or not.
39. For competitive primary procurements with a Whole of Life Cost above \$100,000, Economic Benefit to New Zealand must be a weighted criterion with a minimum weighting of 10 percent.

### *Conflict of Interest*

40. Anyone involved in any procurement, purchasing, or any other related process (including authorising any spend or executing contracts on behalf of MSD) must comply with the Conflict of Interest Policy.
41. Ministry staff (including contractors or those acting on MSD's behalf) must declare any actual, potential, or perceived conflict of interest relating to any potential supplier by completing a Conflict of Interest and Confidentiality Declaration Form.
42. Declared conflicts must be appropriately managed at the right level and with relevant governance and oversight. This must occur prior to initiating the procurement, and throughout the procurement and contract management process.

### *Contract types*

43. MSD uses a range of contract types for goods and services. For goods, services, or works these should be AoG or approved Ministry contract templates. For social outcomes these can include outcome agreements or conditional grants. Any non-standard contract must be reviewed by Legal prior to being signed.
44. Use of conditional grants is appropriate in certain circumstances, otherwise outcome agreements or other contract types should be used. Conditional grants are appropriate to use when:
  - Required by law, or as the result of a formal decision by Cabinet e.g. Out of School Care and Recreation (OSCAR).
  - Funding is to support a one-off discrete activity.
  - The term of the grant is short term in nature (i.e. not longer than one financial year).
  - The Ministry does not intend to own any resulting product (purchase of goods or intellectual property).
  - The proposed activity for which the grant would be used is of low risk.
  - The grant is not being used to fund the delivery of services to clients/individuals.



## ***Due Diligence***

45. Due Diligence must be undertaken on all suppliers/partners/providers and sub-contractors appropriate for the value, complexity and risk of the procurement throughout the procurement lifecycle.
46. As appropriate, due diligence must include verifying that a supplier:
  - Is who they claim to be by looking at their legal set-up, including beneficial ownership
  - Meets any relevant accreditation requirements
  - Is financially sound by checking their financial history
  - Can be trusted, including that they do not have a history of bribery or corruption (including foreign bribery)
  - Is not subject to sanctions by the New Zealand Government
  - Has good past performance for delivery, compliance with appropriate standards and health and safety and employment practices and has sound ethics and management practices
  - Has the capacity, capability, and expertise to deliver, based on past performance
  - Has the right systems and processes to be able to deliver
  - Can deliver what the Ministry needs for the price quoted
  - Understands the contract deliverables and requirements and their obligations.

## **Management**

### ***Contract Management***

47. All contracts with a whole of life value over \$100,000 must have an award notice published on GETS or other MBIE-mandated system. This includes contracts that were directly awarded, and those sourced using an Exemption or Opt-Out.
48. Award notices must be published on GETS within 30 business days of the contract being executed.
49. Every contract must have an assigned owner ("Contract Manager") within MSD to ensure the contract is managed effectively.
50. Contract Managers are responsible for:
  - a. monitoring contracts to ensure goods and services are delivered before payments are made.
  - b. ensuring contract risks are well understood and managed
  - c. tracking spend against the contract, in line with budgets.
51. Contract management plans are required for all contracts over \$100,000 unless expressly approved by the Procurement Board. This includes for grant contracts and contracts awarded through Exemptions and Opt-Outs.
52. Contract management plans must be right-sized based on the contract's value, complexity, risk, and duration, but at minimum must include details of how the contract is governed, the performance metrics against which providers will be measured, and performance monitoring provisions, including details of ongoing due diligence.
53. All contracts, including grants, must be recorded in Weka or other relevant contract management systems.



## Payments

54. The Ministry will pay suppliers/partners/providers within 5 working days of receiving a valid invoice, and within 10 working days (unless otherwise agreed) of receiving a valid invoice, provided that the terms of the contract have been met in order to receipt payment. Contract owners are responsible for ensuring these conditions have been met prior to approving invoices.
55. A Ministry Purchase Order must be in place before a supplier starts delivering goods/services/works (payments cannot be made without a Purchase Order) unless they fall within one of the following exceptions:
  - Payments that are made at the point of sale – e.g., credit card, travel, taxi charge cards, fuel cards, EV Fob, Uber etc.
  - Transactions generated and approved through systems where Weka is not the payment system e.g. CMS, CCRS, SWIFTT.
  - Consolidated payments that are centralised (but apply to multiple cost centres) e.g., office cleaning, preventative maintenance, electricity, cell phone charges.
  - Expense related payments – staff out of pocket expenses (managed within the Weka expense module).
  - Ex-gratia / compensation payments – e.g. payment made with supporting documentation (no invoice).
  - Client-related medical charges.

## Variations and Extensions

56. Changes to end date, financial details (including fees or overall costs), or to the scope of the contract must be captured in a formal contract variation accepted by both parties.
57. Where a variation or extension goes beyond what has already been signed off by the Procurement Board (either in cost, scope, or time), a Variation Request must be submitted for endorsement prior to the variation being signed.

## Non-Material Variations

58. Approvals of Contract Variations that are deemed non-material in nature are to be delegated to the Group General Manager (GGM) Commercial Operations.
59. 'Non-Material' changes are defined as meeting all of the following conditions:
  - a. Low value (up to 20% of original contract value, AND less than \$500,000)
  - b. Low risk
  - c. Minimal scope change / unchanged scope

## Economic Benefit to New Zealand

60. The New Zealand Government has made commitments to a range of economic benefits which include creating opportunities for New Zealand businesses, including SMEs and regional businesses, as well as social enterprises. All procurement decisions must reflect MSD's responsibility to deliver public value and support broader government outcomes.
61. Unless there is good reason not to, MSD must award procurements below these thresholds to New Zealand (or Australian) businesses that are capable and have capacity to deliver the contract:
  - \$100,000 for goods, services and refurbishment works
  - \$9 million for new construction works.
62. For procurements exceeding these thresholds, MSD must evaluate economic benefits as part of the overall assessment of public value.

## Emergency Procurement

63. In a genuine emergency MSD may forego routine procurement procedures for goods or services that are urgently required to provide emergency assistance or relief. Emergency procurement cannot be used in a situation resulting from poor planning, or to avoid complying with Ministry policies.
64. In the context of this Policy an emergency is defined as an event where:
  - a. Life, property, or equipment is put at immediate risk; or
  - b. Standards of public health, welfare or safety have to be re-established without delay, such as in the case of disaster relief; or
  - c. MSD service delivery would be significantly impaired if it failed to respond promptly.
65. MSD has three levels of emergency procurement:
  - Level 1 – immediate response: reactive procurement
  - Level 2 – disaster relief: emergency
  - Level 3 – post-disaster reconstruction: accelerated procurement.
66. In each level the procurement, and resulting contracts, should be limited to what is required to cope with the particular emergency.

## Procurement Board

67. The role of the Procurement Board is to ensure that any procurement process presented fully complies with MSD policies and guidelines. This includes oversight of sourcing and procurement approaches, releasing and advertising notices of procurement, selection of potential tenderers, relevant evaluation criteria, selection of preferred suppliers/partners/providers, risks, and exemptions from open tendering. The Procurement Board has received its mandate through the Organisational Health Committee and is governed by Terms of Reference.
68. Where the Whole of Life value of a procurement activity is over \$100,000, or \$200,000 for secondary procurements from AoG Contracts, Procurement Board sign off must be obtained for:
  - a. Procurement plans
  - b. Recommendation reports (the final selection of a Preferred Supplier)
  - c. Exemptions or Opt-Outs from the Government Procurement Rules
  - d. Engagement of external resources (contractors and consultants)
  - e. Contract variations and extensions
  - f. Variations or extensions for contractors where the new total contract length exceeds 2 years, irrespective of whether the initial engagement was via a delegated resource panel
69. Procurement Board sign off is not required prior to the release of a Request for Information (RFI).

## Compliance

70. It is the responsibility of the GGM Commercial Operations or their designate to ensure that there are adequate controls over this procurement Policy, including adequate

controls, to safeguard MSD's resources.

71. Compliance with this Policy will be monitored, and all serious deviations will be reported by the GGM Commercial Operations to the Deputy Chief Executive, People and Capability as soon as practicable.
72. Full compliance with this Policy is required. A breach of this Policy may constitute misconduct, or, depending on the circumstances, serious misconduct under the Code of Conduct.
73. Reviews will be conducted in accordance with the agreed assurance practices and processes.

## Responsibilities

Person/Party	Responsibilities
Organisational Health Committee	<ul style="list-style-type: none"> <li>• Approve the Procurement Policy.</li> <li>• Approve new or major amendments to the Procurement Policy</li> </ul>
Chief Executive (CE) / Deputy Chief Executives (DCEs)	<ul style="list-style-type: none"> <li>• Awareness of the Procurement Policy.</li> <li>• The CE provides strategic oversight to ensure MSD's procurement practices are fair, transparent and represent value for money. This includes approving contracts in accordance with MSD's financial delegations.</li> <li>• Individual DCEs should familiarise themselves with the Procurement Policy and are responsible for ensuring the required systems and processes are in place to enable compliance. These responsibilities include approving contracts in accordance with MSD's financial delegations.</li> </ul>
Procurement Board	<ul style="list-style-type: none"> <li>• Ensure that procurement processes with a whole-of-life cost above the required thresholds fully comply with MSD policies and guidelines as outlined in the Procurement Board Terms of Reference.</li> </ul>
GGM Commercial Operations	<ul style="list-style-type: none"> <li>• Accountable to the DCE People and Capability and has the "Line 2" assurance function for this Policy</li> <li>• Monitoring and reporting on compliance with the Procurement Policy across MSD. This includes identifying staff behaviour or MSD processes that do not align and taking action to address identified issues where appropriate.</li> <li>• Approval of non-material variations</li> </ul>
GM Procurement and Commercial Services	<ul style="list-style-type: none"> <li>• Development, review, maintenance, and implementation of the Procurement Policy.</li> <li>• Communicating the Policy and updates to all staff.</li> <li>• Reporting to the Leadership Team and Governance Committees on significant issues.</li> </ul>
Director Procurement & Commercial [DSS]  GM Procurement & Commercial Services  GM Service & Contracts Management	<ul style="list-style-type: none"> <li>• Provide support to their respective procurement teams in carrying out their duties and functions under the Purchasing and Procurement Policy.</li> </ul>

Person/Party	Responsibilities
Purchasing Services, National Accounting Centre	<ul style="list-style-type: none"> <li>Proactive management of requisitions, purchase orders and non- catalogue requests.</li> <li>Monitoring of purchasing and procurement activities, reporting of Policy breaches, and identifying opportunities for new supply arrangements.</li> </ul>
Budget Managers	<ul style="list-style-type: none"> <li>Ensure that staff understand the Procurement Policy and relevant requirements are incorporated into procedures and practices. This includes supporting staff with ensuring compliance and escalating concerns as appropriate.</li> </ul>
Delegated Financial Authorities (DFA)	<ul style="list-style-type: none"> <li>Awareness of this Policy and its requirements.</li> <li>Maintains oversight of funding to external organisations.</li> <li>Accountable for the appropriateness and defensibility of procurement decisions, this includes by making funding decisions that are consistent with MSD's financial delegations and this Policy.</li> </ul>
Contract Managers	<ul style="list-style-type: none"> <li>Ensure that contract management plans clearly define governance arrangements, include relevant and proportionate performance metrics, and outline transparent performance monitoring provisions, including due diligence requirements.</li> <li>Responsible for monitoring contracts to confirm that all commitments are delivered and accurately reported.</li> <li>Maintain comprehensive records of all contract management activities.</li> </ul>
DSS, PaCS and SCM Procurement teams	<ul style="list-style-type: none"> <li>Responsible for providing advice to MSD staff and DFAs on procurement and contracting activity.</li> </ul>
All staff	<ul style="list-style-type: none"> <li>Ensure they are familiar with the Procurement Policy and comply with relevant requirements.</li> </ul>

## Definitions

Word / phrase	Definition
AoG	All of Government
Conditional Grant	Funding arrangement that is designed to support an organisation or an activity rather than to buy goods or services. The recipient undertakes to perform specific obligations in return for the money.
Exemptions	Explains the circumstances under which an agency may be exempt from the requirement to openly advertise tender values over \$100,000.
The Rules	Government Procurement Rules, 5th edition

GETS	Government Electronic Tenders Service, a central government website that New Zealand public sector agencies are required to use to advertise open tender opportunities over \$100,000.
<a href="#">Government Procurement Charter</a>	The Charter sets out government's expectations of how agencies should conduct their procurement activity to achieve public value.
<a href="#">Government procurement principles</a>	The six principles of Government Procurement that apply to all government agencies and provide the government's overarching values in procurement.
Line 2 Assurance	Part of the MSD <a href="#">Five Lines assurance model</a> , this relates to the business areas that set Ministry wide expectations through policies and procedures and monitor their effectiveness.
New Zealand Business	A business that originated in New Zealand (not being a New Zealand subsidiary of an offshore business), is majority owned or controlled by New Zealanders, and has its principal place of business in New Zealand. For purposes of the Economic Benefit Rule, the reference to New Zealand business includes Australian business.
Open advertising	Publishing a contract opportunity externally and inviting all interested domestic and international suppliers/partners/providers to participate in the procurement.
Opt-out procurements	Specific types of procurement activities where agencies can choose to opt out of applying some of the Rules
Primary procurement	The purchase of goods, services or works from the open market or directly to suppliers/partners/providers that is not from within an established panel.
Secondary procurement	The purchase of goods, services or works from a panel of suppliers, an All-of-Government Contract, Common Capabilities Contract or Syndicated Contract.
Tender evaluation	The process whereby criteria is used to evaluate suppliers/partners/providers' responses to a tender. These include measures to assess the extent to which competing responses meet requirements and expectations (e.g., criteria to shortlist suppliers/partners/providers/providers following a Registration of Interest or criteria to rank responses in awarding the contract).
Tenders	Covers a range of documents where an agency formally asks suppliers/partners/providers/providers to propose how their

	goods or services or works can achieve a specific outcome; price information; other information.
Unconditional Grant	An unconditional grant is financial assistance paid by the government to an eligible organisation. The recipient has no obligations to perform in return for the money except the expectation that the funds will be used for the purpose stated. From a Policy perspective, MSD treats this as sensitive expenditure such as gifts or koha.
Whole-of-life costs	Total value over the whole-of-life of the contract/s when estimating the procurement's maximum total estimated value, including any costs associated with the disposal of goods. Costs must include the value of all the contracts that may result from the procurement.

## Related policies

Policy	Definition
<a href="#">Code of Conduct</a>	A guide for how to go about your work and how best to serve the Government of the day. Provides very clear expectations about behaviours and conduct
<a href="#">Conflict of Interest Policy</a>	The purpose of this Policy is to assist our employees understanding and commitment to uphold MSD's values and standards by identifying, raising and managing any actual, perceived or potential conflicts of interest.
<a href="#">Contractor and Consultant Policy</a>	Sets out principles and policies that must be followed when engaging with external resources, contractors, consultants, or other professional services.
<a href="#">Financial Delegations Policy</a>	When spending Ministry money, Budget Managers need to act within the scope of their financial delegation, act with probity, and follow the rules and policies of the Ministry and the Government.
<a href="#">GCDO third-party information sharing standard</a>	<p>The purpose of this standard is to ensure that agencies and their third parties are meeting their Privacy Act obligations in their delivery of public services. Third parties the standard applies to may vary on a case-by-case basis. They could be:</p> <ul style="list-style-type: none"> <li>• a supplier or a vendor who provides services on behalf of MSD</li> <li>• social or community organisations</li> <li>• commercial suppliers providing back-office functions such as IT infrastructure and software.</li> </ul>

<a href="#"><u>Gifts, Donations and Koha Policy</u></a>	Principles and policies that must be followed by all employees and contractors when approving, giving or receiving any gifts, donations, or koha related to official Ministry business.
<a href="#"><u>MSD Health and Safety Policy</u></a>	This Policy sets out the Ministry's commitment and how we will meet our responsibilities to ensure a psychologically and physically healthy and safe working environment
<a href="#"><u>Risk Management Policy</u></a>	The purpose of this Policy is to provide the intention and direction for the management of risk at the Ministry.
<a href="#"><u>Sensitive Expenditure Policy</u></a>	Principles and policies that must be followed by all employees and contractors when undertaking or approving business related and sensitive expenditure incurred on behalf of the Ministry.
<a href="#"><u>Travel and Transport Policy</u></a>	Principles and policies that must be followed when organising, undertaking, or authorising business-related travel on behalf of the Ministry