



Purchasing Procedure

Procedure Number

WCDHB-PF-0005

Version Nos:

6

1. Purpose

This Procedure outlines the process by which the West Coast District Health Board (WCDHB) will purchase supplies, materials, equipment, and contractual services.

2. Application

This Procedure is to be followed by all staff throughout the WCDHB.

3. Definitions

For the purposes of this Procedure:

Value For Money is taken to mean the right quality, quantity and price, at the right place and time.

4. Responsibilities

For the purposes of this Procedure:

the *Chief Executive Officer* is required to oversee all aspects of this Procedure.

All Line Managers are required to monitor the implementation of this Procedure within their area of responsibility.

All Staff Members are required are required to ensure they abide by the requirements of this Procedure.

5. Resources Required

This Procedure requires no specific resources.

6. Process

- 1.00 The WCDHB is committed to operating in the most economical and efficient manner possible, which means it should always act, and be seen to be acting, in a fair, open and unbiased manner when it procures goods or services.
- 1.01 The WCDHB shall follow the Audit Office Procurement Guidelines unless the Board of WCDHB expressly determines that an alternative procedure is required for a specific purchase.
- 1.02 The WCDHB will identify and be aware of its common law obligations as part of a purchasing and procurement process.
- 1.03 The WCDHB will identify all intellectual property likely to be developed or created in the course of a procurement, and any background intellectual property; and will seek legal advice on how to secure its continuing right to use intellectual property as required – including in the event that a contract is placed with a different supplier in future.



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- 1.04 The WCDHB will take particular care in its handling of commercially sensitive information as part of a purchasing and procurement process, which is to include:
- respecting the confidentiality of information received; and
 - not to using information for personal gain of staff members; and
 - ensuring staff members communicating information accurately, impartially, and in a manner not designed to mislead.
- 1.05 The WCDHB shall establish a single point of contact in its organisation for potential suppliers to use during a procurement process. This will entail the “point of contact” arranging for others within the organisation to deal with technical queries. This will reduce the risk of one potential supplier playing off one member of the procurement team against another.
- 1.06 Informal communication between WCDHB tender evaluation personnel and potential suppliers could prejudice the integrity of a procurement evaluation and is therefore prohibited. A public entity should ensure that all communications take place on a strictly formal basis.
- 1.07 Where the WCDHB engages a consultant or an agent to assist in the procurement process, the contract of engagement will require the consultant or agent to observe the same ethical standards, principles and behaviour as apply to the WCDHB’s Staff members.
- 1.08 When assessing a procurement proposal, the WCDHB needs to be aware of the “whole of life” cost of the goods or services it is procuring and should adopt a “value for money” approach when it procures goods or services.
- 1.09 When determining the number of suppliers required as part of a procurement proposal, the WCDHB will consider the following:
- i. using enough suppliers to support product and user requirements, while keeping procurement and holding costs to a minimum;
 - ii. achieving value for money depends on competition among suppliers of goods or services. Competition, in turn, requires a number of suppliers. The WCDHB will need to take into account the possible effects of its procurement decisions on the supplier base – especially when deciding to join with other public entities to purchase for competitive advantage.
- 1.10 As the WCDHB operates at more than one location, there is a risk that employees at each site may enter different arrangements with the same suppliers for the same or similar products. To reduce this risk, the General Manager – Finance will insure information is shared between sites and ensure that procurement decisions take account of the costs of separate procurement.
- 1.11 The WCDHB will generally avoid purchasing different brands according to individual user preferences, except where there are verifiable differences in the utility of the product.



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- 1.12 The complexity of procurement will determine the nature and amount of documentation which is desirable. However, as a minimum the WCDHB will retain enough documentation to:
- i. show that the entity followed due process, gave due consideration to each offer, and observed the overall principle of equity and fairness;
 - ii. respond to queries from unsuccessful suppliers;
 - iii. record the outcome of meetings during the procurement process;
 - iv. have evidence available for audit purposes; and
 - v. plan any subsequent re-tendering.
- 1.13 The WCDHB will adopt an appropriate contract management procedure over the life of a procurement contract. Sound contract management will help to ensure that:
- i. all parties to the contract continue to understand, and observe, their respective obligations; and
 - ii. benefits and value gained early in the procurement process are sustained throughout the life of the contract.
 - iii. the chosen method of contract management should reflect the contract environment and the risks associated with the project.
- 1.14 The WCDHB will continually assess:
- i. the potential for using methods of electronic commerce in its operations and service delivery; and
 - ii. its capacity to respond to changing demands and opportunities.
- 1.15 When developing and reviewing information and communications technology systems, the WCDHB shall:
- i. be aware of electronic commerce opportunities and the need for its systems to be able to communicate with other systems if the entity is to position itself to take advantage of those opportunities; and
 - ii. ensure that its systems have adequate internal controls to protect the integrity and security of data.
- 1.16 All funds received by the WCDHB, regardless of their source, are considered to be WCDHB funds and all purchases shall be made in accordance with WCDHB policies and procedures.
- 1.17 All purchases of goods and services shall be of an acceptable quality at the lowest possible cost.
- 1.18 All purchases of goods and services by WCDHB staff members shall be in accordance with the relevant WCDHB Schedule of Delegations of Authority.
- 1.19 All purchases of new clinical products are to be first approved by the WCDHB New Products Committee.
- 1.20 The WCDHB does not allow WCDHB staff members to obtain goods or services from a WCDHB supplier on the same or similar basis as the WCDHB, thus enabling staff members to obtain goods or services at a discounted rate not otherwise available to them.



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7. Precautions And Considerations

- ➔ The WCDHB is committed to operating in the most economical and efficient manner possible, which means it should always act, and be seen to be acting, in a fair, open and unbiased manner when it procures goods or services.
- ➔ WCDHB shall follow the Office of the Auditor General Procurement Guidelines
- ➔ All purchases of goods and services by staff members shall be in accordance with the relevant Schedule of Delegations of Authority

8. References

- Procurement – A Statement of Good Practice; Office of the Controller and Auditor-General (June 2001)
- Controlling Sensitive Expenditure – Guidelines for Public Entities; Office of the Controller and Auditor-General (January 2007)
- Commerce Act 1986;
- Consumer Guarantees Act (1993)
- Dumping and Countervailing Duties Act 1988.
- Fair Trading Act 1986; and
- New Zealand Public Health and Disability Act (2000)
- Official Information Act 1982;
- Privacy Act (1993)
- Public Finance Act (1989)
- Public Records Act (2005)

9. Related Documents

WCDHB Delegations Procedure

WCDHB Schedule of Delegations of Authority

WCDHB Tendering Procedure

WCDHB New Products Committee Terms Of Reference

Revision History	Version:	6
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