

THE UNIVERSITY OF
AUCKLAND
Te Whare Wānanga o Tāmaki Makaurau
NEW ZEALAND

Procurement strategy

Published date: *01 July 2022*

Next review date: *01 July 2023*

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www.auckland.ac.nz/procurement

Version control table

Version	Published	Approved by
01	12/12/2022	David Rees Strategic Procurement Manager

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1. Background

This University of Auckland Procurement Strategy (the Strategy) has been developed by the Strategic and IT Procurement offices to promote best procurement practices that align with the University's strategic commercial aims, good student experiences, social values and regulatory obligations. The Strategy informs stakeholders about how we focus on maximising value for money and minimising commercial risks, while being an ethical and responsible member of the New Zealand community.

The Strategy has been developed in collaboration with a number of University stakeholders and is available to the public on the University's internet site.

The Strategy is reviewed periodically by Strategic and IT Procurement and any identified improvements or amendments are carried out under the direction of the Strategic Procurement Manager.

The Strategy presents a planned approach to procurement in a challenging geographical, economic, legislative and regulatory environment.

Procurement's current responsible spend, resources and managed categories are shown in the below table:

<i>Managed suppliers where the University spend is >\$100k with each supplier p.a.</i>	<i>2021 Procurement managed spend: \$108.9M Strategic Procurement \$13 M ITS Procurement</i>
	<i>2021 Procurement managed suppliers: 279 Strategic Procurement 47 ITS Procurement</i>
<i>2022 Procurement staff</i>	<i>Strategic Procurement: 1 Strategic Procurement Manager 3 Procurement Managers 1 Procurement Specialist</i>
	<i>IT Procurement: 1 IT Procurement Manager 3 IT Procurement Category Managers</i>
<i>Managed categories – direct (contracts and direct relationships managed by the Procurement office)</i>	<ul style="list-style-type: none"> • <i>Bottled gas</i> • <i>Capital equipment (>\$100k)</i> • <i>Document management</i> • <i>Household relocation services</i>

	<ul style="list-style-type: none"> • <i>IT computer and infrastructure hardware</i> • <i>Software (software licenses and applications)</i> • <i>Multifunctional printing devices</i> • <i>Telecommunication</i> • <i>IT services</i> • <i>Laboratory consumables</i> • <i>Mail (including local and international couriers, mail, etc)</i> • <i>Office supplies</i> • <i>Print</i> • <i>Taxis</i> • <i>Travel (including travel management agency, airlines, car hire, hotels, travel insurance etc)</i> • <i>Vehicles (fleet management, petrol etc)</i>
<p><i>Managed categories – indirect (contracts and direct relationships managed by other departments, but the procurement sourcing process is managed by the Procurement office)</i></p>	<ul style="list-style-type: none"> • <i>Audio / Visual Services (for events)</i> • <i>Banking services</i> • <i>Catering and food services</i> • <i>Consulting and Professional Services (e.g. financial audits, valuation services)</i> • <i>Electricity</i> • <i>Employee Advisory Services</i> • <i>External recruitment agencies</i> • <i>Facilities services (cleaning, waste facility management, etc)</i> • <i>Gas</i> • <i>Insurance brokerage</i> • <i>Legal services</i> • <i>Marketing & advertising</i> • <i>Retail outlets</i>

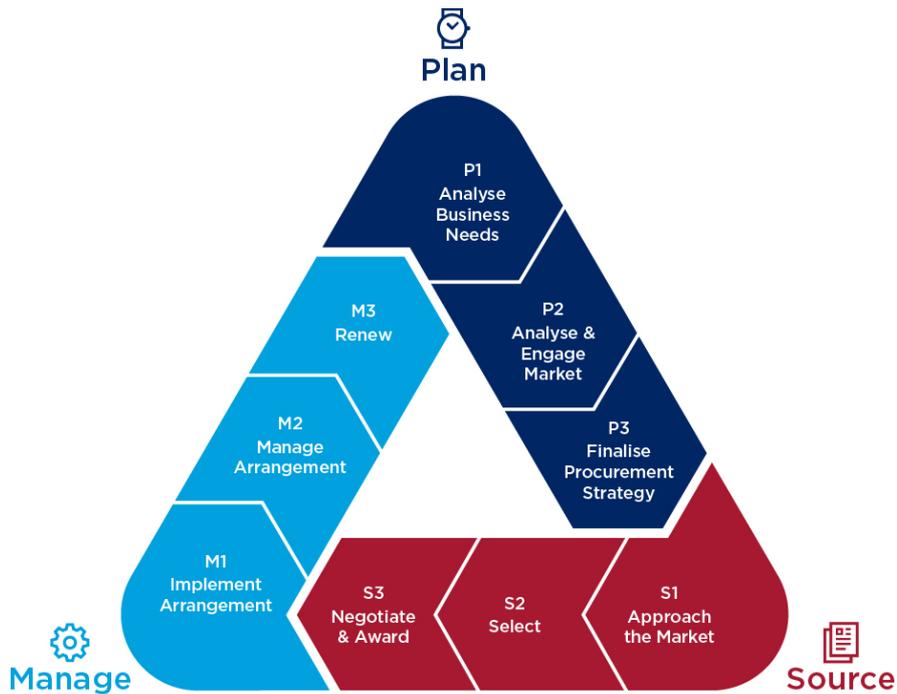
2. Mission and values

Procurement supports the University’s mission to be an organisation that “creates globally transformative impacts through its distinctive strengths in world leading research, scholarship, teaching and collaborative partnerships, inspired by its unique position in Aotearoa New Zealand and the Asia-Pacific. We are an integral part of the University’s One Finance Service division.

Our values are focused on unwavering integrity, professionalism and honesty in all our interactions with customers and suppliers. We are staunch followers of an Ethical Procurement approach to all our procurement activities including the criteria described in the *Ethical Procurement Statement* shown in the Appendix A.

We are mindful of our customers’ needs and strive to make their interactions with Procurement as positive as possible. Many of our outcomes are driven by the University’s goal to enhance the student experience and commitment to sustainability.

We are committed to conducting Procurement activities that strive to obtain best outcomes for customers, mitigate financial and operational risk, satisfy probity requirements and are cost effective. Our objective is to ensure Procurements are customer focused, strategically aligned to the University’s objectives and underpinned by best professional business practices. The below diagram shows the steps followed during a typical procurement activity.



Procurement Life Cycle Diagram; courtesy of NSW Government Procurement

3 Annual Procurement Report

The Strategic Procurement Manager will produce an Annual Procurement Report to show progress against this Strategy and future direction and will endeavour to produce the Report during Q1 each year. The Report is classified commercially confidential and is provided to the CFO, DFF's and other relevant parties. It includes:

- I. A summary of the strategic procurements that have been completed during the year, including commentary related to the Procurement Strategy*
- II. How many dispensation from normal tender requirement requests were presented by Procurement*
- III. Any procurements that involved external legal consultation*
- IV. Relevant statements about procurement staff resourcing or activities not completed due to other reasons*
- V. A summary of financial savings and significant benefits*
- VI. Category expenditure and strategic development, including spend analysis data*
- VII. Identification of potential additional procurement categories that would benefit from a strategic approach*
- VIII. A summary about contracts recorded in the Procurement Contracts Registers*

4 Strategic objectives

No.	Objectives	Focus	Ongoing actions and rationale
1	Procurement take a Strategic approach to all its scheduled activities	Develop and implement appropriate category management strategies	<p>The Strategic Procurement Manager manages the collation of data on an ongoing basis to produce an Annual Procurement Report, endeavouring to provide before the end of Q1</p>
			<p>Procurement (Category) Managers liaise with key faculties / departments and annually collate a list of products and services that require Procurement activity</p> <p>Procurement publishes a Procurement Plan on the NZ Government Electronic Tender Services site before end of Q1</p>
			<p>Procurement (Category) Managers carry out management of the University's suppliers list related to their strategic categories and, with a view to optimising spend and resource, reduce the vendor-base where possible</p> <p>By utilising prioritisation methodology focusing on high spend and criticality, Procurement (Category) Managers provide an annual category report showing strategic suppliers, contracts and specific category strategies</p> <p>Policy updates are carried out by Procurement for managed categories</p>
		Drive collaboration	<p>We optimise suitable Procurement opportunities from our membership of the Australian Universities Procurement Network (AUPN).</p>

			Attend university procurement community forums, benchmark our procurement performance and analyse for any potential opportunities
			Create and utilise open lines of communication with other NZ Government agencies
			Participate in NZ Government Procurement activities and identify opportunities
			Encourage inter-faculty/department collaboration for procurement solutions
			Work closely with the University's Shared Transaction Centre to ensure the University's and suppliers obligations are being met, and strive to reduce transaction costs
		Use pre-existing agreements (when appropriate)	The Strategic Procurement Manager performs searches on the NZ Government MBIE website site for existing agreements that may be suitable for University use; i.e. All of Government agreements and Syndicated contracts Procurement (Category) Managers subscribe to category-focused NZ Government newsletters and notices
		Manage sourcing processes	Procurement record a summary of procurement activities and dispensations in the Annual Procurement Report In accordance with the Procurement Policy: Procurement manage open market sourcing activities for procurements valued >\$100k

		<p>or</p> <p>on behalf of customers, manage and submit requests to the University's Tenders Board for dispensation from open market sourcing</p>
		<p>Manage evaluation processes related to proposals submitted by suppliers in response to advertised requirements</p>
		<p>Manage negotiations and contract execution processes following the University's Financial Delegations Policy</p>
	Contract management	<p>Standardise contractual terms and minimise financial and operational risk, Procurement endeavour to always use University template contracts</p> <p>To provide suppliers with contract longevity and optimise resources, when appropriate, Procurement manage the taking up of contractual rights of renewal and schedule any required Procurement activity</p>
		<p>To ensure business continuity all contracts are registered in a contracts register and managed by the Procurement (Category) Managers</p>
		<p>To facilitate customer understanding, Procurement ensures contracts are accompanied by a contract summary document that shows the obligations of each party. Procurement review and update the contract summary sheet at contract renewals and after business reviews</p>
		<p>Include a summary of active contracts that are recorded in the procurement Contracts Register in the Annual Procurement Report</p>

			Solicit contract performance perception from customers and manage periodic customer surveys for appropriate contracts. Ensure the University is receiving value for money and suppliers are meeting their contractual obligations
		Customer focused	<p>Procurement are the point of contact for customers wanting guidance and assistance related to contracts and procurements</p> <p>Procurement (Category) Managers liaise closely with customers to ensure clear lines of communications are available</p> <p>Procurement utilise the Staff Service Centre portal and other means to measure customer engagement and record customer satisfactions</p> <p>To provide the University with answers to frequently asked procurement related questions Procurement ensures their web pages are up to date and relevant and tailor Frequently Asked Questions and Knowledge Base Articles for ease of reference by customers and colleagues</p>
No.	Objectives	Focus	Ongoing actions and rationale
2	Procurement is people driven	Staff development	<p>Procurement staff are supported by the University in developing their skills and knowledge</p> <p>To facilitate business continuity and staff engagement, as well as having dedicated categories to manage, Procurement Category Managers are provided opportunities to expand their knowledge of the University and other markets by engaging in activities not related to their nominated categories</p> <p>Procurement staff attend conferences and training sessions on specific subject matters such as negotiation and Agile methodology</p>

		Stakeholder engagement	Procurement conduct regular meetings with key stakeholders to listen to and understand their needs and concerns
No.	Objectives	Focus	Ongoing actions and rationale
3	Procurement delivers maximum value for money and minimises financial & operational risk	Negotiations	<p>Procurement use suitable negotiation strategies and lead discussions with suppliers</p> <p>Negotiation strategies are outlined in Procurement Project Plans</p> <p>Team negotiations are encouraged when appropriate</p> <p>Savings and betterments are recorded and reported</p>
		Total cost of ownership	<p>Procurement considers all costs and impact related to particular agreements</p> <p>Conduct annual customer surveys for some critical contracts and services</p>
		Supplier continuity	<p>Procurement's due diligence during supplier selection includes suppliers financial health and longevity</p> <p>Procurement obtains independent references before awarding contracts to new suppliers</p>
		Risk mitigation	<p>Procurement:</p> <ul style="list-style-type: none"> • deters procurement fraud opportunities • participate in the University's financial audit review • manage the probity requirements associated to sourcing activities • actions and records any procurement conflicts

			<ul style="list-style-type: none"> focus on utilising contracts that mitigate financial risks and operational supply-chain risks
No.	Objectives	Focus	Ongoing actions and rationale
4	Procurements are governed by University Policies, the University's Strategic Plan and NZ Regulations & Laws	Follow and promote Finance policies related to University procurements	Procurement staff ensure all Procurement Project Plans align to the University's policies and plans
		Be aware of NZ regulations and laws related to products and services procured by the University	<p>All Procurement Project Plans are approved by the Strategic Procurement Manager</p> <p>Procurement liaise with University's Legal Counsel and seek 3rd party legal advice when appropriate</p> <p>Procurement staff continuously maintain their knowledge and understanding of law and commercial practice as it relates to Procurement practices</p>

No.	Objectives	Focus	Ongoing actions and rationale
5	Procurement follows and promotes professional, ethical and sustainable best practices	Leadership	<p>Procurement staff lead by example and embrace ethical and sustainable concepts</p> <p>We raise Procurement’s profile within the University targeting communications with specific customer groups based on our managed categories</p> <p>An ethical procurement statement is included in published tenders and awarded contracts (<i>see Appendix A – Ethical Procurement Statement</i>)</p> <p>Suppliers receive impartial and fair treatment at all times</p> <p>The NZ Government Rules of Sourcing are followed to provide suppliers with a fair and consistent opportunity to respond to supply opportunities</p>
No.	Objectives	Focus	Ongoing actions and rationale
6	Procurement manage Procurement Processes	University awareness	Procurement promote their services at suitable opportunities, including; intranet, faculty meetings, University events, Community of Interest Groups, Finance Information Sessions etc
		Processes suitability	<p>Procurement:</p> <ul style="list-style-type: none"> • work closely with customers to identify suitable strategies for specific procurement activities • processes are continually being reviewed and improved to ensure they are user focused and easily understood by stakeholders • processes are tools to obtain best results, and may be flexible and modified to meet specific requirements

		Enablers & navigators	Procurement embraces opportunities to assist University departments with their procurements and provide sound guidance about how to abide by University procurement policies and deliver good outcomes
		Change management	Procurement (Category) Managers are agents of change realising suitable opportunities when proven to be advantageous for the University
		Process	Procurement utilises processes that are fair, transparent and encourage competitive offers Procurement records are retained and are auditable
No.	Objectives	Focus	Ongoing actions and rationale
7	Strategic Suppliers Relationship Management	Obligations	Procurement are responsible for Strategic Supplier / University relationships and ensuring contractual obligations are carried out, including: <ul style="list-style-type: none"> • invoices presented appropriately • payments made on time • agreed prices and lead times adhered to • invoice disputes identified and escalated if necessary • service delivery requirements, Service Level Agreements, Key Performance Indicators • supplier conduct breaches handled appropriately • advice and management related to contract violations
		Supplier management	Procurement challenge and develop the supply market to fully capitalise and exploit procurement opportunities for goods and services via effective relationship management with major suppliers. Specific supplier management activities include:

			<ul style="list-style-type: none">• scheduling and recording of business review meetings,• monitoring supplier performance• providing service feedback (to and from the supplier)• seeking value added opportunities

Appendix A - Ethical Procurement Statement

1. Purpose

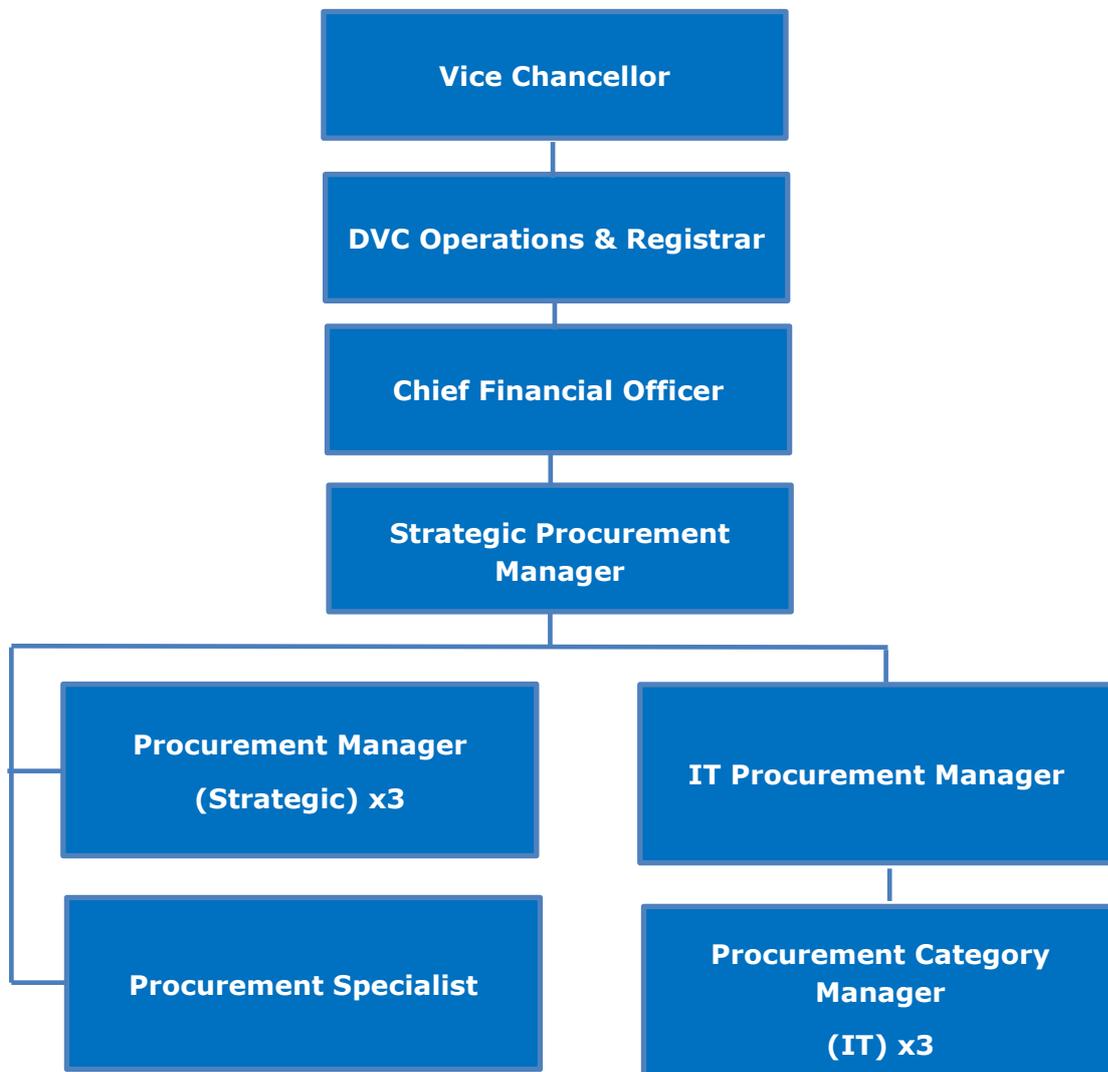
University of Auckland is committed to helping ensure that internationally recognised labour and health and safety standards are acknowledged and adhered to by its suppliers in accordance with this Ethical Procurement statement.

2. Procurement Ethics

- a. As a matter of principle The University of Auckland will not enter into contractual arrangements with suppliers where:
 - i. *the supplier is found to be using workers below the relevant minimum age for employment; or*
 - ii. *the supplier is found to be using forced, bonded or involuntary prison labour or any type of modern slavery; or*
 - iii. *the supplier is found to have discriminated directly or indirectly on any of the prohibited grounds in the Human Rights Act; or*
 - iv. *the supplier's workers are found to be subjected to potential life threatening working conditions or harsh or abusive or inhumane treatment; or*
 - v. *the supplier has been found colluding with other entities in a manner that, at the sole discretion of University of Auckland, has resulted in bid-rigging during a tender activity; or*
 - vi. *in the case of local providers, the supplier is found to be employing workers that are not legally entitled to work in New Zealand; or*
 - vii. *the supplier cannot demonstrate it has suitable health and safety documentation and related processes which meet the requirements of any relevant Health and Safety legislation of their country.*
- b. Prior to the award of any contract, suppliers shall comply with requests from University of Auckland for information regarding their compliance with this Ethical Procurement statement in a timely manner, and shall permit University of Auckland to carry out audits of their facilities that would be used to satisfy the requirements of any resultant contract.
- c. During the period of any resultant contract, should any of the conditions mentioned within paragraph 2. a) above be discovered to exist in any supplier's operations or with its direct sub-contractors, and the supplier fails to complete corrective action within a reasonable timescale, then this will be deemed a material breach of this agreement.
- d. Notwithstanding the conditions mentioned in paragraph 2.a) above the University of Auckland requires contracted suppliers to:
 - i. *Act ethically, fairly and honestly in all dealings with the University of Auckland*
 - ii. *Declare any actual or perceived conflicts of interests as soon as you become aware of the conflict*

- iii. Take all reasonable measures to prevent disclosure of confidential University of Auckland information*
- iv. Provide accurate and reliable advice and information when required*
- v. Ensure their policies and practices show a commitment to treating their employees fairly*
- vi. Not offer University of Auckland members of staff any financial inducements or any gift or other benefits to gain preferential treatment*
- vii. Comply with the law*
- viii. Assist University of Auckland to prevent unethical practices in our business relationships by complying with this statement*
- ix. If employing sub-contractors for your work with the University of Auckland, suppliers must make them aware of this statement and ensure that they comply with its requirements*

Appendix B - Procurement Structure





THE UNIVERSITY OF
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Te Whare Wānanga o Tāmaki Makaurau
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Strategic Procurement,
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