



# Pacific Association of Supreme Audit Institutions (PASAI)

## Procurement Policy

### **Access to information**

PASAI members, Donors, International and Regional Partners

### **PASAI Reference Number**

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### **Issued and effective**

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### **Review**

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### **Content**

Policy on procurement

- Justification for procurement
- Procurement principles
- Governance arrangements
- Responsibilities and approvals
- Procurement preparation and planning
- Procurement requirements and qualification criteria
- Methods of procurement
- Procurement proceedings
- Bid submission, bid opening, evaluation and award in competitive bidding
- Transparency and integrity

### **Applicable to**

All PASAI staff and all PASAI funds and assets

### **Issuer**

Chief Executive of PASAI

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# Procurement Policy

## SECTION I – PURPOSE AND APPLICATION

1. The purpose of this policy is to ensure that PASAI's procurement activity is effective, efficient, consistent with the Procurement Principles in clause 8 and the PASAI Charter and the rules, procedures and guidelines of PASAI Incorporated.
2. This Policy and its procedures are designed to ensure timely, efficient, and value for money procurement, consistent with good business practice and to facilitate PASAI operating as an example to its members and public sector entities across the Pacific region where it is operating. It is also to ensure that the PASAI's procurement function is carried out within a clearly defined and transparent internal control framework.

## SECTION II – SCOPE

3. This Policy applies to all PASAI staff responsible for procurement activities relating to: capital and operating disbursements; purchased and leased acquisitions; and internal and external funding.
4. This Policy applies to all procurement and purchasing activities using funds held or managed by PASAI, regardless of their source.
5. Where this Policy conflicts with the procurement rules of a donor or funding agency, the application of which are mandatory pursuant to or under an obligation entered into by PASAI, the requirements of those rules shall prevail, but in all other respects, procurement shall be governed by the provisions of this Policy.

## SECTION III – INTERPRETATION

<i>Approver</i>	means the member of staff responsible for authorising expenditure or reviewing and/or approving transactions. Approvers' financial authority is determined under the PASAI Delegations Policy and applicable delegation.
<i>Bid</i>	according to the type of procurement method being used, means a tender, a proposal, or a quotation submitted by a bidder in response to an invitation by PASAI.

<i>Bidder</i>	means a natural or legal person who submits a bid pursuant to solicitation by PASAI.
<i>Board</i>	means the Governing Board of PASAI.
<i>Buyer/ Requester</i>	means a PASAI staff member with a role in a procurement transaction.
<i>Consultancy Services</i>	includes intellectual or professional services or assignments involving outputs of an advisory, design and transfer of know-how nature, delivered to PASAI by a natural or legal person.
<i>Consultant</i>	means a provider of consultancy services to PASAI.
<i>Expense Card</i>	means a PASAI expense card issued by the Chief Executive to a member of staff.
<i>Goods</i>	includes objects of every kind and description; and includes services incidental to the supply of goods if the value of the incidental services does not exceed that of the goods themselves.
<i>PASAI</i>	means the Pacific Association of Supreme Audit Institutions Incorporated.
<i>Preferred supplier</i>	means a supplier which PASAI has identified as a pre-qualified bidder and been placed on a panel of suppliers in accordance with this Policy, or a party that is identified as the preferred bidder in an open competitive bidding process.
<i>Procurement</i>	means any activity or decision involving the purchase of goods or services, including in respect of goods the lease, or rental with or without an option to buy; and <i>Procure</i> has the corresponding meaning. The hire purchase of goods is not an allowed method of procurement.
<i>Purchase order</i>	means a document, manual or electronic, which is used in the course of procurement to place an order for the goods or services.
<i>Services</i>	means consultancy services; physical services or other labour, time or effort; or support services including accounting services, ICT services, travel services, catering services, performed for or delivered to PASAI by a natural or legal person other than an employee of PASAI.

<i>Staff member</i>	includes an employee or contractor of PASAI, if specifically delegated to act on behalf of PASAI, the Secretary-General, and any officer of the Office of the Secretary-General.
<i>Supplier</i>	means a provider of goods or services.
<i>Threshold</i>	means a financial limit above or below which certain procurement controls must be applied in accordance with this Policy. In the case of evaluation of bids threshold includes financial and technical attributes.

## SECTION IV – POLICY

### *Justification for Procurement*

6. Any decision to procure goods or services must be based on an appropriately identified and assessed requirement, aligned to the Governing Board approved Operational Plan, funding availability and an approval process that complies with PASAI's Financial Delegations Policy.
7. In addition to the above procurement of goods or services involving capital expenditure must also comply with PASAI's Financial and Asset Management Policy.

### *Procurement Principles*

8. PASAI seeks to conduct procurement in order to lead by example and to behave in the same way that a public organisation should when carrying out any procurement. Therefore PASAI will seek to carry out its procurement in a transparent, accountable, impartial, and equitable way. Sometimes this is referred to as probity. Probity is a broad concept, but its principles are fundamental to how PASAI will seek to behave when it carries out procurement. These principles include:
    - **Accountability** – PASAI will be accountable for its performance and be able to give complete and accurate accounts of how they have used development partner and member funds, including funds passed on to others for particular purposes. PASAI will also have suitable governance and management arrangements in place to oversee funding arrangements.
    - **Openness** – PASAI will be transparent in its administration of funds, both to support accountability and to promote clarity and shared understanding of respective roles and obligations between organisations and any external parties entering into funding arrangements.
    - **Value for money** – PASAI will use resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes it is trying to achieve. Where practical, this may involve considering the costs of alternative supply arrangements.
    - **Lawfulness** – PASAI must act within the law, and meet its legal obligations.
    - **Fairness** – PASAI has a general public law obligation to act fairly and reasonably. PASAI must be, and must be seen to be, impartial in its decision-making.
    - **Integrity** – Anyone who is managing resources provided by others for a public good purpose, such as development partners and PASAI members, must do so with the utmost integrity. The standards applying to PASAI staff must be aligned to best practice required of public servants and other public employees. PASAI will also require all other parties and organisations it works with to behave to the same high standards.
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### *Governance arrangements*

9. The Chief Executive –
  - (a) must ensure that sufficient and appropriately trained and qualified staff are available as necessary for the efficient performance of the procurement tasks of the Secretariat;
  - (b) is responsible for the management, control, performance, and monitoring of compliance of staff assigned to carry out procurement tasks in accordance with this Policy;
  - (c) must issue guidelines and instructions necessary to implement this Policy and give, on request, advice and assistance to staff;
  - (d) must prepare and issue, or cause to be prepared and issued, standard documents and templates to be used in connection with procurement;
  - (e) must specify within the standard documents and templates the documentary evidence of the procurement process that must be retained and the filing requirements for those documents;
  - (f) must report to the Secretary-General and the Governing Board, when required, regarding the overall functioning of the procurement system, including recommendations on measures to be taken by PASAI to revise and improve procurement approval methods and other measures to enhance the quality of procurement work.
10. The Chief Executive must appoint an Evaluation Team for all procurements whose value exceeds \$10,000 (excluding GST). Any procurements whose value is above \$200 but less than \$10,000 shall be evaluated by at least two staff of the Secretariat with one staff obtaining the quote and another staff reviewing the quote.
11. The Evaluation Team must be composed of at least three individuals who must include—
  - (a) the Chief Executive and at least one Director, or at least two Directors (the Chief Executive or one of the Directors will chair any meeting of the Team); and
  - (b) at least one staff member appointed under clause 9(a); and
  - (c) any other staff member or externally appointed person to provide technical, legal or commercial expertise or judgment, as appropriate.
12. Members of the Evaluation Team must sign a conflict of interest, impartiality, and confidentiality declaration in accordance with the PASAI Conflicts of Interest Policy.

### *Responsibilities and Approvals*

13. Subject to this Policy, the Chief Executive is responsible for all procurement.

14. In particular, the Chief Executive must, subject to endorsement by the Secretary-General or the Board where required —
  - (a) approve all procurement;
  - (b) endorse any procurement plan and/or procurement proposal;
  - (c) approve the evaluation report and contract award recommendation;
  - (d) subject to existing financial delegations, issue the letter of award in person or via email to the successful bidder and inform unsuccessful bidders of the result;
  - (e) subject to the Contract Signing Policy, sign the contract; and
  - (f) in respect of all procurement, ensure this Policy and relevant delegations have been respected and complied with, and that procurement has been carried out fairly and in accordance with appropriate standards of probity.
  
15. The staff appointed under clause 9(a) to carry out procurement tasks are responsible for —
  - (a) assisting in PASAI's overall procurement planning;
  - (b) preparing procurement proposals in respect of each procurement above \$10,000 in accordance with standard documents or templates issued under clause 9(d);
  - (c) assisting in preparing draft contract documents, if required, in accordance with the standard documents or templates, seeking advice and guidance from PASAI's legal advisor where appropriate;
  - (d) preparing all bidding documents in accordance with the standard documents or templates;
  - (e) publishing and dispatching requests for bids;
  - (f) receiving and safeguarding bids including pre-qualification applications on their receipt;
  - (g) responding to requests for clarification from bidders, seeking the assistance of the Chief Executive or related staff where appropriate;
  - (h) organizing and recording pre-bid meetings and/or site visits, if any, and seeking the assistance of the Chief Executive or related staff where appropriate;
  - (i) liaising with responsible program or project manager staff for the opening of bids in accordance with this Policy;
  - (j) ensuring that all Evaluation Team members sign a conflict of interest declaration, and that the evaluation process is conducted in accordance with the procurement plan and evaluation criteria, and any probity requirements, and that any identified conflicts of interest are addressed in accordance with the Conflicts of Interest Policy;
  - (k) providing the secretarial role to the Evaluation Team for its meetings;
  - (l) preparing the evaluation report for approval by the Chief Executive;
  - (m) administering and implementing purchase orders and, in doing so, seeking the assistance of the Chief Executive where appropriate;



- (n) seeking the approval of the Chief Executive, on endorsement of the Secretary-General or the Board where required, under the Contract Signing Policy or any existing financial delegation, for any proposed variations or amendments to a purchase order or contract;
  - (o) publishing on PASAI's website the contract award notice for contract awards above \$50,000;
  - (p) maintaining the procurement file with complete records; and
  - (q) keeping a full record of all procurement to be submitted in a Governing Board report by the Chief Executive as required by this Policy.
16. The duties of the Evaluation Team include —
- (a) receiving from the procurement staff the procurement proposal and necessary procurement documents, and also where applicable the bid opening record and bids;
  - (b) declaring any conflicts of interest as required by clause 12 and the Conflicts of Interest Policy;
  - (c) evaluating bids and preparing the evaluation report and recommendations for award of a contract, and submitting them to the Chief Executive (on endorsement of the Secretary-General or the Board where required); and
  - (d) any other functions specified under this Policy.

### *Approvals*

17. The decision to procure goods or services, and the award of a contract, is subject to the approval requirements set out in the table at clause [49], and subject to the Financial Delegations Policy and the Contract Signing Policy.
18. In particular, when the estimated contract amount (or cumulative amount) is higher than \$100,000 (excluding GST), the decision to undertake the procurement and the award of the contract must be approved by the Board.

### *Procurement Preparation and Planning*

19. The Chief Executive must ensure that adequate funds are budgeted and allocated prior to initiating any procurement.
20. A procurement plan must be prepared for each financial year, containing information required by the template provided under clause 9(d).
21. All individual procurement equal to and less than \$10,000 in value (excluding GST) shall use the direct/single source method of procurement, with the following process:
- (a) a purchase request form must be used.
  - (b) the purchase request form shall include details such as description of item(s), quantity, estimated value, and other relevant details of individual items to be procured.

- (c) the staff responsible for procurement must complete the purchase request form, sign and submit to the Chief Executive for approval.
  - (d) upon receiving the approved purchase request form, the staff responsible for procurement will seek at least two quotes for each individual items.
  - (e) once the quotations are received, the staff responsible for procurement, shall prepare a summary of the quotes, make recommendations on the preferred supplier(s) and submit to the Chief Executive for consideration and approval.
  - (f) After the approval granted by the Chief Executive, the procurement may proceed.
22. There must be a procurement proposal for each individual procurement above \$10,000 in value (excluding GST).
23. The procurement proposal will include all the information necessary to enable bidders to submit bids, including as appropriate —
- (a) a description of the requirement, including the schedule required for delivery, implementation or completion of the goods or services and any division thereof;
  - (b) the estimated value of the requirement and, where applicable, individual parts;
  - (c) the proposed procurement method, in accordance with this Policy, and a justification for the use of any method other than competitive bidding where required;
  - (d) the source of funding; and
  - (e) any other relevant information.
24. The procurement proposal must be prepared in accordance with the template(s) provided under clause 9(d).
25. All procurement activity must be carried out in accordance with authority issued to staff under the delegations framework.
26. Procurement must be authorised by an approver with the appropriate financial delegation.
27. All procurement activities must be carried out by persons trained and knowledgeable in the application of, and in accordance with the guidelines established by, this Policy.
28. Procurement must be planned with a view to achieving maximum value for expenditure, so that PASAI's activities are carried out within available financial resources and other applicable limitations and at the most favourable time.
29. Where appropriate, procurement must be aggregated in order to achieve economies of scale.

30. The calculation of the estimated 'whole of life cost' of a contract must be based on the total amount payable as estimated by PASAI, excluding any form of option and any right of renewal or likely extension of the contract. Any value attributed to an option or right of renewal or extension must be considered at the end of the contract including an evaluation of the costs and benefits of going back to the market.
31. This estimate must be valid when the procurement notice is, or in cases where no notice is required, when PASAI commences the contract award procedure.
32. Procurement must not be divided with the intention of avoiding the financial thresholds applied in this Policy for the purpose of determining the appropriate procurement method; or with the effect of increasing the costs of servicing, maintenance or similar requirements.

#### *Procurement Requirements and Pre-Qualification Criteria*

33. The bidding documents must set out PASAI's detailed requirements and performance measures with respect to quality and quantity, including any means for evaluating the bids to the requirements.
34. All bidding and pre-qualification documents must provide objective descriptive information that does not favour a particular bidder, by stating the desired performance or output or outcome requirements of the procurement wherever possible, rather than design or descriptive characteristics.
35. The statement of PASAI's requirements shall include, where appropriate —
  - (a) the purpose and objectives of the procurement;
  - (b) a full description of the requirements;
  - (c) a generic specification to an appropriate level of detail;
  - (d) a functional description of the requirements, including any environmental or safety features;
  - (e) performance parameters, including outcomes, outputs, timescales and any indicators or criteria by which satisfactory performance can be judged;
  - (f) process and materials descriptions; and
  - (g) any applicable professional or other standards.
36. References to standards should, where possible, be references to international standards or national standards incorporating international standards.
37. The description of goods must include, where appropriate —
  - (a) a list of goods and the quantities required, including any incidental services, such as delivery, installation, commissioning, maintenance, repair, user training or the provision of after-sales services;

- (b) a delivery and completion schedule; and
  - (c) specification.
38. The description of services must include, where appropriate —
- (a) a background narrative to the required services;
  - (b) the objectives or desired outcomes of the services and targets to be achieved;
  - (c) a list of specific tasks or duties;
  - (d) deliverables or outputs for the assignment;
  - (e) the role, qualifications or experience required for any key staff;
  - (f) management and reporting lines for the supplier, including administrative arrangements and reporting requirements;
  - (g) any facilities, services or resources to be provided by PASAI;
  - (h) quality assurance requirements or indicators of successful performance; and
  - (i) the duration or completion schedule.
39. The description of consultancy services must include, in addition to any relevant matters under clause [38] and where appropriate —
- (a) terms of reference (TOR) defining the objectives, goals, and scope of the assignment;
  - (b) if the objectives include transfer of knowledge or training, these should be specifically outlined along with (where applicable) details of numbers of staff to be trained;
  - (c) background information, including a list of any existing relevant studies and basic data;
  - (d) a list of the services and any surveys necessary to carry out the assignment;
  - (e) the deliverables or expected outputs for the assignment;
  - (f) the role, qualifications or experience required for the consultant or any key staff;
  - (g) the management and reporting lines for the consultant, including administrative arrangements and reporting requirements;
  - (h) any facilities, services or resources to be provided by PASAI;
  - (i) indicators of successful performance;
  - (j) the duration of the assignment in terms of person months and period of completion; and
  - (k) expected travel requirements and how travel costs will be met.
40. No requirement or reference is to be made in the requirements to a particular trademark or name, patent, design or type, specific original, producer or service provider, unless there is no other practical way of describing the procurement requirements, and words such as “or equivalent” are included in the specifications.

41. Bidders must not be excluded from participation in procurement on the basis of nationality, race or any other criterion or any other prohibited grounds of discrimination under New Zealand law, not having to do with their qualifications or decisions taken against any bidder under this Policy, except if specific donor funding requirements specify eligibility criteria for use of its funds.
42. Qualification criteria must be limited to those which are designed to demonstrate that a bidder possesses the necessary professional or technical qualifications and competence, financial resources, equipment and other physical facilities, managerial capability, experience in the type of services to be performed, and business reputation and personnel, to perform the contract.
43. Qualification criteria must not be unduly restrictive or designed to reduce competition, and must be customized for each procurement requirement taking into account the size, complexity and technical requirements of the proposed contract unless specific donor funding requirements specify criteria for use of its funds.
44. The qualification and eligibility criteria must be clearly stated in all bidding documents and, where appropriate, bidders must be required to provide signed statements or documentary evidence to certify their qualifications.

### *Methods of Procurement*

45. This policy requires a competitive bidding method to be used in all cases, except where limited bidding (involving direct or single sourcing) is allowed under clause [51].
46. The competitive bidding methods allowed by the Policy are through a request for quotes (RFQ), bidding by Request of Proposal (RFP), and open competitive bidding (national or international) by RFP. Single-stage bidding methods are to be used for all request for quotes procurement and request for proposal procurement up to \$100,000. Over this threshold there must be documented consideration of whether a two-stage process is warranted. The justifications for following a single or two stage process must be duly recorded and presented to the Governing Board as part of the approval process.
47. PASAI must, in planning a procurement, select the most appropriate method of procurement for each requirement.
48. The choice of procurement method must take into account —
  - (a) the estimated value of the goods or services;
  - (b) the potential sources of the goods or services, notably the competitiveness of the national and international market and the likely interest of potential national and international bidders, given the size and nature of the requirement;
  - (c) the nature of the goods or services required; and

- (d) the circumstances surrounding the procurement, such as the existence of an emergency need, or of situations which might justify use of limited bidding. A situation meets the definition of an emergency only when genuinely unforeseen urgent circumstances arise. Poor planning or organisation of a procurement does not justify using an emergency process.

49. The following minimum requirements must be met:

[All amounts in New Zealand dollars]

<b>Methods</b>	<b>Threshold (ex GST)</b>	<b>Requirements/Process</b>	<b>Approval Authority</b>
Direct Source/Single Source Selection	Up to \$200	Where it is possible and cost effective two quotes must be obtained. In the case of small purchases, such as office supplies, where obtaining formal quotes is not possible or cost effective (staff time) effort must be made to obtain best value for money through phone, enquiries or online research to compare prices.	Based on delegated authority levels per Instrument of delegation of financial responsibilities and powers
Direct Source/Single Source Selection	From \$201 to \$10,000	At least two quotes	Based on delegated authority levels per Instrument of delegation of financial responsibilities and powers
Limited bidding	\$10,001 - \$20,000 \$20,001 - \$100,000 Above \$100,000	Depending on the nature of the purchase use Request for quotes (RFQ) or Request for Proposal (RFP). In each case at least 3 quotes or proposals must be obtained and evaluated.	Chief Executive  Secretary-General  Governing Board
Open Competitive Bidding (National and International)  Goods and services including consultancy services	Above \$100,000	Open market bidding process By Request for Proposal (RFP)	Governing Board

50. When a method of procurement other than competitive bidding is used, other than as permitted by this Policy, this must be approved by the Board. PASAI must include in the record of the procurement proceedings a written justification of the decision to utilise the procurement method, including the grounds for taking that decision.

*Direct source/Single source method*

51. PASAI may use a direct source/single source method for goods or services to a value of less than \$10,000 (excluding GST) where PASAI is satisfied that a direct or single source selection is the most efficient method and will achieve value for money. When evaluating what is efficient consideration may be given to time needed, likely significance of price variance across the market and staff time cost.
52. For transactions up to \$200 where it is possible and cost effective two quotes must be obtained. In the case of small purchases, such as office supplies, where obtaining formal quotes is not possible or cost effective (staff time) effort must be made to obtain best value for money through phone enquiries or online research to compare prices.

*Limited bidding method*

53. PASAI's usual method of procurement must be the most open, transparent and competitive process practical. Once the principles of transparency and competitiveness have been considered and these principles and value for money indicates that the use of a limited bidding method (selection based on 3 quotes or 3 RFPs) may be appropriate, then and only then, a limited bidding method may be considered. Such as: —
- (a) when, for technical reasons, or for reasons connected with protection of exclusive rights, the contract may be performed only by a particular supplier and no reasonable alternative or substitute exists;
  - (b) for reasons of urgency brought about by events not attributable to and unforeseen by PASAI, the goods or services could not be obtained in time by means of open competitive bidding procedures;
  - (c) when no suitable bids have been submitted in response to an open competitive or selective bidding procedure, provided that the requirements of the initial procurement are not substantially modified;
  - (d) for additional deliveries of goods or services by the original supplier where a change of supplier would compel PASAI to procure goods or services not meeting requirements of inter-changeability with already existing goods or services procured under the initial procurement, and such separation would cause significant inconvenience or substantial duplication of costs to PASAI;
  - (e) when additional services which were not included in the initial contract but which were within the objectives of the original bidding documents have, through unforeseen circumstances, become necessary to complete the services described therein, provided that the total value of contracts awarded for the additional

services do not exceed 20 percent of the value of the original contract or a 20% change in the original terms of reference scope, whichever is lower;

- (f) for new services consisting of the repetition of similar services which conform to a project for which an initial contract was awarded following open competitive procurement method, and for which PASAI has indicated in the notice of procurement or bidding documents that a limited bidding method might be used in awarding contracts for such further services; or
- (g) when a rapid selection is essential (as in emergency, see clause 48(d) above for the definition of an emergency) because owing to a significant unforeseen event there is an urgent need for the goods or services or for purchases made under exceptionally advantageous conditions.

54. Under this method —

- (a) PASAI must prepare a written description of its needs (including, in respect of consultancy services, TOR for the assignment) and any special requirements as to quality, quantity, terms and time of delivery;
- (b) a bid may be invited from either one, or where possible, more bidders;
- (c) a time limit must be given to the bidder or bidders to prepare and submit their bids or agreed by mutual agreement;
- (d) the compliance of the bid or bids with the specifications, terms and conditions must be considered; and
- (e) negotiations in relation to price or to achieve value for money must be carried out if the prices offered are considered excessive or substantially in excess of the prevailing market prices.

55. Limited bidding method may also be used in the following cases —

- (a) when the goods or services are known to be available from a limited number of suppliers; or
- (b) when the time and cost of considering a large number of bids would be disproportionate to the estimated value of the goods or services, depending on the nature of the procurement.

56. In the case clause [53] applies, PASAI may invite bids from—

- (a) all known potential bidders, where limited bidding is used in accordance with clause 55(a)); or
- (b) sufficient bidders to ensure effective competition and, in any case at least three bidders, where limited bidding is used in accordance with clause 55(b))

In selecting the bidders to be invited to bid, PASAI may use —

- (c) a list of suppliers of goods maintained by the Chief Executive, established as a result of past use arising from at a minimum a limited bidding/3 quotes process;



- (d) a panel of pre-qualified bidders established through an open competitive process completed at an earlier time;
- (e) its own knowledge of the market, including SAIs that could be able to supply services; or
- (f) any other appropriate sources of information.

57. This Policy also applies, with any necessary modifications, to any process of establishing a panel of pre-qualified bidders under policy 56(d). The Chief Executive shall develop procedures to establish a panel pre-qualified bidders through an open competitive process, if required.

#### *Request for quotations method*

58. The RFQ method may be used if —
- (a) in the case of goods only, the procurement is for readily available commercially standard goods, not specially manufactured to the particular specifications of PASAI; and
  - (b) the estimated value of the goods or services is between \$10,001 and \$100,000.
59. Judgment must be exercised between \$20,001 and \$100,000 as to whether a selective RFP as in clauses 66 and 67 should be preferred over RFQ.
60. Under this method, quotations may be requested in writing from as many bidders as practicable, but from at least three bidders, using the standard documents or templates produced under clause 9(d).
61. The RFQ must contain a clear statement of PASAI's requirements as to quality, quantity, terms and time to delivery, as well as any other special requirements.
62. In the case of services that could be provided by a SAI (including, but not necessarily limited to, PASAI members) or its personnel, consideration must be given to which SAIs might be approached to quote, based on PASAI's knowledge of the capabilities of the SAI or its personnel.
63. In respect of the selection of individual consultants, PASAI must prepare TOR, ensure that the requested information includes the consultants' experience and competence relevant to the assignment, and select the consultant with the most appropriate qualifications and references. The selected consultant will then be asked to submit a combined technical-financial proposal prior to negotiation of the contract.
64. Bidders must be given adequate time to prepare and submit their quotations, but each bidder is allowed only one quotation. In normal circumstances a quote may not be altered or negotiated, however in the case of an error or anomaly being identified

PASAI may negotiate a quote but in doing so it adhere to the principles set out in clause 8 and it must not result in unfairness to other bidders.

65. Quotations may be submitted in writing manually or electronically.

#### *Selective RFP method*

66. The selective RFP method may be used for the procurement of goods or services when their estimated value is between \$20,001 and \$100,000 for goods and services including consultancy services.
67. The selective bidding method involves identifying at least three potential bidders to respond by way of RFP. The Chief Executive (under the supervision of the Secretary-General or the Governing Board, as appropriate) may use any of the methods listed in clause [56] to identify prospective bidders. However, in determining the number of bidders to be invited to respond, the Chief Executive must take account of the likelihood that not all those invited may respond and the requirement of having at least 3 bids to consider.
68. Where services could be provided by a PASAI member or its personnel, a limited bidding method or RFQ should be used in preference to a method involving an RFP, unless the circumstances otherwise require.

#### *Open competitive bidding method*

69. An open competitive bidding process must be used for all procurements with an estimated value of above \$100,000 for goods and services including consultancy services.
70. The open competitive bidding method requires an RFP, with notice of the procurement being advertised nationally and internationally, depending on the nature of the services required. The Chief Executive is responsible for determining the method and extent of advertising, under the direction of the Secretary-General or the Governing Board (as appropriate depending on the estimated value of the goods or services). As a minimum, the advertising of an open competitive bidding procurement must use:
  - (a) major contract advertising sources in New Zealand and Australia, including public and private sector advertising systems;
  - (b) all available advertising sources in each PASAI member country as notified, and kept current, by local Head of SAI;
  - (c) all sources recommended by PASAI core development partner agencies, confirmed annually; and
  - (d) other international advertising options as notified through INTOSAI and its relevant working groups and associated agencies, such as the INTOSAI Development Initiative (IDI).

71. Services that are within the expertise and capability of a SAI (including, but not necessarily limited to, a member of PASAI) or its personnel should be advertised within the PASAI community (for example, by notice on PASAI's website and/or a notice to all members) or through other international channels for all other SAIs and SAI supporting entities (such as INTOSAI, other INTOSAI regional groups, or the INTOSAI Development Initiative). For the purposes of clarity, any bids submitted by PASAI members or other SAIs will be evaluated against the same criteria as bids that are not from a SAI.

#### *Requirements for RFPs*

72. An RFP must be prepared using a standard document or template provided under clause 9(d). The RFP must provide bidders with the information necessary to enable them to participate in the procurement and to submit proposals that are responsive to the needs of PASAI. In particular, the RFP must include the following information —
- (a) the nature, time frame and location of the goods or services to be provided, terms of reference, required tasks and outputs, key performance measures, and expected outcomes;
  - (b) the criteria to be used in evaluating and comparing proposals, and their relative weights as to each other and as compared to price;
  - (c) the terms and conditions of the procurement, including PASAI's reserved rights and a clause which expressly states that no process contract is established by or under the bidding documents;
  - (d) any key terms of the contract intended to be entered with the successful bidder(s), and where considered appropriate an invitation to propose contract departures;
  - (e) instructions for preparation and submission of proposals, and the place and deadline for submission of proposals;
  - (f) how and by whom the selection will be made;
  - (g) notice of conflict of interest restrictions (including a requirement to declare any conflicts of interest) and anti-fraud and anti-corruption rules, including the grounds for potential disqualification from future participation in procurements that may result from the assignment under consideration; and
  - (h) such other matters as may be prescribed in the standard bidding documents issued under clause 9(d) or required under the terms of any donor funding contract in relation to the funds to be used to meet the costs of the goods or services.

#### *Evaluation of contractors and consultants*

73. A regular performance evaluation and assessment of all consultants including any preferred service provider must be carried out by the Chief Executive or Contract Manager in accordance with the PASAI Contract Management Policy.

### *Pre-qualified bidders*

74. PASAI may use an open competitive process to establish a panel of pre-qualified bidders for particular goods or services. The pre-qualification may include:
- (a) specifications or descriptions of goods or services capable of being provided;
  - (b) costs, including unit costs, hourly and daily rates, and limitations on additional expenses; or
  - (c) standard contractual terms.

### *Requirements for contracts and purchase orders*

75. Except as otherwise provided below, all suppliers selected as a result of a procurement must be engaged by contract made under, and subject to, New Zealand law signed by all parties (in the case of PASAI, in accordance with the Contract Signing Policy).
76. Legal advice must be sought in relation to any PASAI-specific or customized warranties, indemnities, guarantees, or limitations on PASAI's intellectual property rights.
77. In all other cases, including all consultant engagements, the contract must be in a form prepared by PASAI, using a template or standard document issued under clause 9(d) or a contract prepared with legal advice.
78. Where a preferred supplier contract or standard terms established by a supplier panel are in place, that contract or those terms must be used for the purchase of the relevant goods or services unless circumstances otherwise require.
79. Where goods or services of a standard nature have been procured under this Policy, a purchase order may be used to establish the contractual relationship with the supplier.
80. A purchase order must include the —
- (a) Description of goods procured;
  - (b) Quantity of good procured;
  - (c) quoted or submitted price;
  - (d) contract number;
  - (e) name of the supplier;
  - (f) names of the respective contact people;
  - (g) any necessary contractual terms; and
  - (h) date of delivery or other timeframes.

### *Procurement Proceedings*

81. Communications between bidders and contracting entities must be in writing, manually or electronically, and shall be in English.
82. All official communication relating to bid submissions, if provided electronically, must be submitted to [Secretariat@pasi.org](mailto:Secretariat@pasi.org)
83. Any notice of procurement must be published using a media mode which shall be of wide enough circulation to reach to the maximum extent feasible, published on the internet, including PASAI's and SAIs' websites.
84. Any notice of procurement must be published for a minimum of one week, however standard notice period should be three weeks and in the case of some procurements a longer period can be used.
85. Where PASAI considers it is necessary to ensure wide competition, it may send the notice directly to potential bidders after the date of publication of the notice. PASAI must keep a record of any bidders to whom the notice is sent directly, which will form part of the procurement record.
86. For the purposes of subsequent communications, PASAI must record the name, postal address, telephone and/or email address of all bidders to whom an invitation to bid (by whatever procurement method) is issued together with the details of the relevant contact person.
87. The bidding documents may allow any bidder to submit clarification questions at any time up to 5 days prior to the deadline for the submission of bids.
88. PASAI will respond promptly and in writing to any clarification request and in any event no later than 2 days prior to the deadline for the submission of bids or proposals.
89. Responses to requests for clarification must be communicated simultaneously and in writing, manually or electronically, to all bidders participating in the procurement proceedings, unless the request relates specifically to the interests of the bidder making the request or contains commercial-in-confidence information, in which case the response will be given only to the requesting bidder. However, in that case the reason for the specific response must be recorded.
90. PASAI may make modifications to the bidding documents at any time prior to the deadline of the submission of bids.
91. If necessary to allow bidders to do so, PASAI may extend the deadline for submission of bids so as to allow bidders an opportunity to take modifications into account in preparing their bids. This applies to all bidders.

92. Alternative bids must not be permitted, except where specifically indicated in the bidding document.
93. PASAI may invite or allow alternative bids where:
- (a) it is anticipated that bidders may be able to offer goods or services which do not conform precisely to the description of requirements but which meet the objectives of the procurement in an alternative manner that could provide value for money;
  - (b) rapidly changing technology could enable the goods or services to be delivered more effectively; or
  - (c) a need could be satisfied in a number of different ways and PASAI wishes to encourage cost efficient and technically innovative approaches by bidders.
94. Where alternative bids are permitted, the bidding documents must state that an alternative bid does not need to conform precisely to the description of requirements, but must —
- (a) be in addition to a compliant bid;
  - (b) meet the objectives or performance requirements prescribed in the description of requirements;
  - (c) be substantially within any delivery or completion schedule, budget and other performance parameters stated in the bidding documents; and
  - (d) clearly state the benefits of the alternative bid over the solution proposed in the compliant bid, in terms of technical performance, price, operating costs or any other benefit.
95. PASAI may suspend or cancel a procurement only in exceptional circumstances, where —
- (a) the procurement need has ceased to exist or has changed significantly;
  - (b) sufficient funding is no longer available for the procurement, or no bid has been received which is within the procurement budget and/or which could be reasonably capable of being the subject of price negotiation to bring it within budget;
  - (c) there has been a significant change in the required technical details, bidding conditions, conditions of contract or other details, such that the recommencement of procurement proceedings is necessary;
  - (d) no compliant bids are received, or no bid can be recommended for acceptance following evaluation;
  - (e) there is evidence of collusion among bidders, or there has been a significant breach of probity requirements such that a fair evaluation is no longer possible; or
  - (f) suspension or cancellation is otherwise in the best interests of PASAI as approved by the Governing Board following legal or specialist procurement advice.

96. A decision to suspend or cancel a procurement must be documented in writing and reported to the Governing Board.
97. If PASAI decides to cancel the procurement before any bids are received and opened, all bids received shall be returned unopened to the bidders concerned.
98. Where no compliant bids are received or the procurement otherwise unsuccessful, PASAI will review the procurement and record the reasons and any lessons learned.
99. The review should consider all relevant issues, including whether —
  - (a) the chosen procurement methods was appropriate in the circumstances;
  - (b) the bidding period was sufficient, considering the factors listed in this Policy;
  - (c) the requirements of the bidding documents and the terms and conditions of the proposed contract were clear, non-discriminatory, proportionate, reasonable and not so excessive as to deter competition;
  - (d) notice of the procurement was published in an appropriate publication and on the required date;
  - (e) the procurement was compromised by delay in issuing the bidding documents or conducting the evaluation;
  - (f) any amendments or clarifications to the bidding documents allowed sufficient time for bidders to take them into account in preparing their bids;
  - (g) there were other extraneous events or circumstances, which may have affected the ability of bidders to respond;
  - (h) the evaluation process was conducted in accordance with this Policy and the bidding documents and whether staff responsible for the evaluation had adequate skills and resources; and
  - (i) there is any suspicion of collusion between potential bidders or other matter of probity.
100. The Chief Executive will take any appropriate action suggested by the cause or causes of failure which may include, but are not limited to —
  - (a) the use of an alternative method of procurement;
  - (b) amendments to the bidding documents, including bidding requirements, the type of contract or the terms and conditions of the proposed contract;
  - (c) alternative publication of any invitations to bid, similar notices or bidding documents; and
  - (d) the introduction of international competition.

### *Bid Submission, Bid Opening, Evaluation and Award in Competitive Bidding*

101. A bid or application to pre-qualify, as the case may be, must be submitted in writing, duly signed and in a sealed envelope (or envelopes if price is to be submitted separately) or via email or other recognised and secure form of electronic communication.
102. Bids or applications received after the deadline for submission of bids will be returned unopened if by envelope or via return email, unless the Chief Executive is satisfied on legal or probity advice that there would be no substantive unfairness to other bidders if the late bid were accepted.
103. Bids remain valid for the period of time indicated in the bidding documents.
104. The validity period of a bid may be considered extended only on the basis of the agreement of the bidder concerned.
105. A bidder may withdraw a bid by submitting a notice of withdrawal to PASAI not later than the date and time for the close of submission of bids.
106. The notice of withdrawal must be submitted through the channel of communication stipulated by the bidding documents and clearly labelled "Withdrawal of Bid", and must comply with any additional directions, if any, in the invitation to bid.
107. Bids will be opened by at least two people with the designated staff members at the time and place indicated in the bidding documents, as soon as practicable after the deadline for submission of bids.
108. On opening, all bids must be date stamped and entered in a bid register, in accordance with a template prepared under clause 9(d). When bids are received via email, the responsible staff member will:
  - (a) save the email to a specified folder under the related programme's name in the PASAI relevant work drive in a manner that enables the time or opening to be recorded; and
  - (b) only open the related email and any supporting documents attached to the email at the time of bid opening.
109. Following opening of the bids, and until the decision on award has been notified to the successful bidder, no bidder may make any unsolicited communication to PASAI or try in any way to influence PASAI's evaluation of the bids.
110. All PASAI staff must keep strictly confidential all information relating to the procurement; and no information may be disclosed to a bidder except by the authorised contact person in accordance with the procurement method.



111. The purpose of bid evaluation process shall be to determine which of the bids received best meets the evaluation criteria to select the best value for money bid in accordance with this policy.

#### *Bid compliance*

112. Following the opening of bids, the responsible staff member will examine the bids to determine whether the bids are complete and compliant with the requirements of the bidding documents. This preliminary examination will include determining that the bid has been submitted in the correct format.
113. Non-compliant bids must be rejected and excluded from further evaluation and comparison. However, if the Chief Executive (with legal or probity advice where necessary) considers it appropriate to do so, having regard to considerations of fairness and encouraging competition, a bidder may be invited to correct any error or omission in its bid so as to achieve compliance.

#### *Evaluation of bids*

114. Compliant bids will be evaluated in accordance with the criteria and methodology stated in the bidding documents and the procurement plan, as approved by the Chief Executive applying good practice for a procurement of the type and value. The weighting of the technical attributes must be established prior to the release of the bidding documents.
115. The evaluation methodology must separately evaluate financial and technical attributes, and consider best value for money. Financial and technical criteria must not be combined to create one score as this can result in quality being undermined or over emphasised impacting cost.
116. If the bidding documents allow, or if the Chief Executive otherwise considers it necessary or appropriate to do so, the Evaluation Team may:
  - (a) Create a shortlist of compliant bids and proceed to evaluate only those shortlisted. Any shortlisting decision must be recorded in writing and contain the reasons of the Team for excluding any compliant bid from further consideration.
  - (b) Invite all bidders (or all shortlisted bidders where applicable) to make a presentation or attend an interview in relation to their bids. A presentation or interview may be conducted in person, by telephone, or by interactive electronic meeting (such as Skype or Zoom). A bidder may be permitted to make a PowerPoint or similar presentation, but this must not materially add to, or be materially inconsistent with, the bid. Members of the Evaluation Team may take the presentation into account when completing the evaluation in accordance with the evaluation method and criteria.

117. PASAI may, in accordance with this Policy, seek clarification in writing from any bidder to facilitate evaluation, but must not either ask or permit any bidder to change the price or any material aspect of the bid. Any such attempt by a bidder to amend its bid will be rejected.
118. The failure of a bidder to reply to a request for clarification may result in the rejection of its bid.
119. In carrying out the evaluation, if there are minor deviations in any bid which did not merit rejection of the bid at the earlier stage, the cost of such minor deviation will be ascertained, if possible, and the evaluated cost of such a bid will then be compared to those of other bids to determine the lowest evaluated bid.
120. If the bidding documents allow, PASAI may waive, clarify or correct any non-conformity, error or omission, which does not constitute a material deviation.
121. The non-conformity, error or omission shall be quantified in monetary terms to the extent possible and taken into account in the financial evaluation and comparison of bids.
122. PASAI may correct purely arithmetical errors in bids in accordance with any procedure stated in the bidding document.
123. Bidders will be notified of any arithmetic corrections and requested, in writing, to agree to the correction.
124. PASAI may disqualify a bidder in the course of evaluation if it finds that the information submitted in a bid concerning its qualifications is false or misleading, or is materially inaccurate or materially incomplete. The bidder must be informed of any such decision in writing and, in the case of apparently false or misleading information, given an opportunity to comment before the disqualification decision is confirmed. PASAI may, in the Chief Executive's discretion, provide an opportunity to the bidder to correct or complete any inaccurate or incomplete information.
125. The evaluation must not take into account any requirements which were not included in the bidding documents.
126. Unless the bidding documents state otherwise, bids will be evaluated on the basis of scoring against the evaluation criteria and a consideration of best value for money. The criteria on which PASAI will assess best value for money may be either —
  - (a) the technically responsive lowest evaluated price, or
  - (b) a combination of price together with various award criteria linked to the subject-matter of the contract in question.

127. A check regarding the sustainability of the price of the preferred tenderer must be undertaken. If the price is deemed to be unsustainable because the bid price is extraordinarily low PASAI will not enter into a contract nor will PASAI re-negotiate the bid price to address the issue. The second ranked tenderer will become the preferred supplier in this event.
128. Except as provided in this Policy there must be no negotiation between PASAI and a bidder with respect to its bid before selection of the successful bidder.
129. If the lowest evaluated responsive bid exceeds the budget for the contract by 20 percent or more, PASAI will review the causes for the excessive cost and may —
  - (a) consider cancelling the procurement in accordance with this Policy; or
  - (b) subject to approval by the Chief Executive or the Secretary-General or the Board (as appropriate), negotiate a contract with the lowest evaluated bidder to try to obtain a satisfactory contract through a reduction in the scope which can be reflected in a reduction of the contract price. If the scope change needed is in excess of 20 percent of the original terms of reference scope, negotiations should be held with all of the bidders who have submitted responsive bids.

#### *Contract award and negotiation*

130. The contract will be awarded to the bidder having submitted the bid that has been evaluated as providing the best value for money.
131. Prior to the expiry of the period of bid validity, PASAI will notify the successful bidder of the proposed award, which shall specify the time within which the contract shall be negotiated and signed.
132. If the successful bidder fails to sign a written contract when required to do so, or the parties cannot agree to contractual terms following negotiation in good faith, PASAI will notify the bidder accordingly and accept the next ranked bidder and (subject to the requirements of this Policy in relation to cancellation of the procurement or non-acceptance of any bids) may proceed with contract negotiation and award.
133. Contracts must be signed in accordance with the Contract Signing Policy, and come into effect as stated in the Contract.

#### ***Probity, Transparency and Integrity***

134. The Chief Executive may direct that a probity plan be developed for any procurement, or that probity advice or probity audit services be retained in relation to the procurement in accordance with good practice recognised in New Zealand.

135. All procurement processes must be auditable, and the records of the process be retained for at least seven years after contract award.
136. Each staff member responsible for any aspect of the procurement must —
  - (a) ensure that they act honestly and in good faith, for a proper purpose in accordance with this Policy and in the best interests of PASAI;
  - (b) assure fair competitive access by contractors to procurement proceedings and contract awards;
  - (c) comply with PASAI's Conflicts of Interest Policy, and avoid circumstances that might give rise to a conflict of interest, either directly or indirectly or that would give the appearance of the same;
  - (d) apply the evaluation criteria with an open mind, using prior knowledge of a bidder fairly and only in relation to the bid and the evaluation criteria;
  - (e) not commit corrupt or fraudulent acts, such as the solicitation or acceptance of bribes; and
  - (f) not reveal confidential information received in connection with procurement proceedings and bids, including bidders' proprietary information.
137. PASAI may take such steps as may be reasonable to ensure that bidders and contractors abide by their obligations under the bidding documents, contracts and other instruments applicable to their conduct and activities for PASAI.
138. In particular, bidding documents must make clear that a bidder must not engage in or abet corrupt or fraudulent practices, including the offering or giving, directly or indirectly, of improper inducements, or the misrepresentation of facts, in order to influence a procurement process.
139. Bidding documents must also make clear that bidders must not engage in collusion, prior to or after bid submission, designed to allocate contracting entities among bidders, establish bid prices at artificial non-competitive levels or otherwise to deprive PASAI of the benefits of free and open competition.
140. PASAI will reject a bid if the bidder offers, gives or agrees to give an inducement referred to in this policy and promptly notify the rejection to the bidder concerned to the relevant authorities.
141. Bidders and contractors who engage in fraudulent and corrupt practices in connection with procurement or the delivery of goods or services will be omitted and not considered for future PASAI programs.
142. PASAI must offer a debrief to any unsuccessful bidders, in accordance with good practice for New Zealand procurement.

In the event of capacity constraints within the PASAI team that could compromise the ability to be able to run procurement processes in accordance with this policy PASAI will utilise its connections with relevant partners to ensure procurement is completed to the standards set out in this policy. In such an event the procurement systems and processes of its partners, stakeholders and funding agencies may be used. This is based on the fact that there is a clear understanding that such partners, and stakeholders and funding agencies will be used to support procurement only when they are following international, benchmarked procurement processes and policies that will result in procurement to the standard set out in this policy or to a higher level. The minimum requirements set out in paragraph 49 above must be adhered to in all cases as the thresholds for the procurement approach and approvals required.

## SECTION V – EFFECTIVE DATE

The Policy is effective as of 24 February 2017 under Financial and Asset Management Policy (PP\_3\_FAM\_2017). Issued as separate policy in September 2019.

## SECTION VI – REVIEW DATE

The Procurement Policy was reviewed in March 2022 and is to be reviewed after two years from last review date.

## SECTION VII – ISSUER

The Issuer of this Policy is the Chief Executive for PASAI.

## SECTION VIII – CONTACT AND ACCESS

- i. **Contact.** For questions relating to this Procurement Policy, please contact PASAI Secretariat at [secretariat@pasai.org](mailto:secretariat@pasai.org).
- ii. **Access.** The Policy can also be accessed at <http://www.pasai.org>

## SECTION IX – RELATED DOCUMENTS

- i. PASAI Charter
- ii. PASAI Incorporated Rules
- iii. PASAI Governance Code
- iv. PASAI Governance and Operational Policy
- v. PASAI Human Resources Policy
- vi. PASAI Health and Safety Policy
- vii. PASAI Child Protection Policy
- viii. PASAI Fraud Control Policy
- ix. PASAI Gender Policy
- x. PASAI Code of Conduct

- xi. PASAI Conflict of Interest Policy
- xii. PASAI Procurement Policy
- xiii. PASAI Contract Management Policy
- xiv. PASAI Risk Management Policy
- xv. PASAI Whistleblowing Policy
- xvi. PASAI Investment Policy
- xvii. PASAI Minutes of Governing Board meetings policy
- xviii. PASAI Communication Strategy
- xix. PASAI Guidelines on use of Social Media
- xx. PASAI Sexual Harassment Policy
- xxi. PASAI Gifts, Hospitality & Entertainment Policy