



GPI POLICY - PROCUREMENT

PROCUREMENT POLICY

Table of Contents

Introduction

Principles

Value for Money

Suppliers

- Identifying Suppliers
- Quotes and Tenders
- Review of Suppliers
- Managing Supplier Relationships

Sustainable Procurement

Procurement Ethical Code

Disciplinary Action

Categories of Purchasing

Purchasing Guidelines

- For and on behalf of residents and approved visitors and professionals
- General goods and supplies for use on Pitcairn Island
- General goods and supplies for use in PIO
- Professional services
- Capital Items

Capital Items Procurement Policy

Date Policy last reviewed: 21st October 2021
Date Policy due for next review: October 2023



GPI POLICY - PROCUREMENT

Introduction

A key function of The Pitcairn Islands Office (PIO) and the various divisions on Pitcairn Island is to identify, source and purchase goods and services for and on behalf of the people and Government of the Pitcairn Islands.

Because of the Island's isolation and extremely limited number of locally produced goods and services the Island is almost entirely reliant on the New Zealand market to provide the day to day needs of the people.

A supply ship services the Island approximately once every three months from Tauranga in New Zealand. Because the island is only supplied four times a year even general purchases of consumable items can be for thousands of dollars.

It is therefore important that the values of single purchases are viewed in this context and that procurement processes reflect Pitcairn Islands' unique situation.

Principles

All purchases seek to meet the principles set out in the UK Procurement Ethical Code as attached in annex A of this document.

The five main principles for purchasing goods and services at the PIO are:

1. Purchase of goods and services should be based on value for money.
2. Goods and services should be purchased by competition unless there are compelling reasons otherwise.
3. Buyers should use their knowledge of the marketplace to improve the quality and competitiveness of suppliers.
4. Staff should always comply with legal and international obligations when making purchases.
5. Wherever possible goods and services should have been produced in a sustainable manner with negligible environmental impact.

Value for Money

To ensure value for money the following "5 Rights" need to be considered.

Date Policy last reviewed: 21st October 2021
Date Policy due for next review: October 2023



GPI POLICY - PROCUREMENT

1. right quality
2. right quantity
3. right source
4. right price
5. right time

Authorised purchasing officers need to have also considered;

1. whether the goods or services is a need or a want (effects priority of purchase)
2. what the end use of the good or service is (whole life costs and quality)
3. when are the goods or services needed by
4. different options available and relative quality of goods/service
5. sustainability issues

Suppliers

Identifying Suppliers

Suppliers should be reputable and wherever possible have a proven track record in business.

A recommendation from good suppliers, other trusted organisations and business contacts is an acceptable way of identifying new suppliers.

While genuine competition amongst our suppliers should be promoted, it is not policy to play suppliers off against each other to try and obtain better deals. This can erode supplier relationships and lead to accusations of favouritism.

Quotes and Tenders

Quotes should not be requested from suppliers who are considered to have no realistic prospect of being a successful tender for the business in question as this can lead to supplier reluctance to deal with the PIO and other GPI divisions.

The number of companies asked to tender for business should reflect the requirement for genuine competition and the value and complexity of the competition. Requests for tender from too many companies will increase tender costs and the time it takes to assess the tenders.

Date Policy last reviewed: 21st October 2021
Date Policy due for next review: October 2023



GPI POLICY - PROCUREMENT

Review of Suppliers

Regular purchases are usually sourced from trusted suppliers without a competitive process. However, regular monitoring of prices should be carried out by the divisions concerned and the resulting conclusions and recommendations documented and filed.

Managing the Supplier Relationship

It is important that effective commercial relationships are developed and maintained with key suppliers. Suppliers should be dealt with in a focused, professional and commercial manner.

Creating and maintaining positive commercial relationships with suppliers helps achieve a better understanding of the other's needs and to address potential problems as they arise.

Staff should be proactive in maintaining and advancing relationships with suppliers. Where possible they should meet with major suppliers regularly.

Consulting with industry bodies, trade associations and other individual organisations can also promote greater understanding of key suppliers, particularly where large contracts are involved.

Sustainable Procurement

Wherever possible the purchase of goods and services should support the UK Government's goal of sustainable development. The ability to meet these goals depends on factors such as local environment, available funds, access to appropriate products and the buildings currently occupied.

The New Zealand market allows access to a wide range of products and service providers making it easier to incorporate greening objectives into procurement decisions.

Environmental issues should be considered in all purchasing and should be completed in the initial stages of the purchasing process. While there are no hard and fast rules, issues such as goods using recyclable products, or using suppliers who have sustainable business practices should be incorporated into a procurement business case.

To have sustainable procurement while achieving value for money is our ultimate procurement goal.

Date Policy last reviewed: 21st October 2021
Date Policy due for next review: October 2023



GPI POLICY - PROCUREMENT

Procurement Ethical Code

All staff engaged in purchasing, supply or contracting are expected to carry out their duties in accordance with the Ethical Code attached at Annex A.

To impress upon those relevant staff the importance of practising this ethical code we require each of them to sign and return to the Governor's Office the form at Annex B that they have read and understand this Procurement Policy and Ethical Code.

Divisional Managers are responsible for ensuring that the relevant staff in their section have completed and returned the form to the PIO.

Disciplinary Action

Failure to adhere to the guidelines of the Procurement Policy will be handled in line with the relevant misconduct procedures.

If staff are unaware of these procedures they should contact the Governor's Office.

Categories' of Purchasing

There are 5 main categories of purchasing undertaken by the PIO:

1. Purchases for and on behalf of residents and on island professionals
2. General goods, supplies and services for use on Pitcairn Island
3. General goods, supplies and services for use in PIO
4. Professional Services
5. Capital items

Purchasing Guidelines

The PIO uses the following guidelines for each of the purchasing categories named above.

1. Purchases for and on behalf of residents and approved visitors and professionals on Pitcairn Island.

- All purchases are made in line with the written requests of the individual provided the

Date Policy last reviewed: 21st October 2021
Date Policy due for next review: October 2023



GPI POLICY - PROCUREMENT

PIO is satisfied in the individual's ability to repay the PIO in a timely fashion or in accordance with any loan or repayment agreement already in place.

2. General goods, supplies and services for use on Pitcairn Island

- All purchases are made in line with the written requests provided the PIO is satisfied that the request has been made by an approved authorising officer and that to the best of the PIO's knowledge the principles of this Procurement Policy and the GPI Budget & Policy Guidelines (annex C) have met.

3. General goods, supplies and services for use in the PIO

- All purchases must be made within approved guidelines, □
Purchases need to be made by an approved authorising officer.
- Purchases can only be made within budget limits unless approved by the Financial Controller.

4. Professional Services

- All consultancy and/or professional services not covered by approved operating budgets must be authorised by DFID.
- Appropriate funding or permission must be obtained from DFID before any commitment is made for professional services over and above approved budgeted allocations.
- The recruitment of any professional or consultancy services must be in line with the procedures set out in the DFID funding application and approval documents.

5. Capital Items

- All capital purchases need to have the appropriate funding and approvals in place from the appropriate funding agency before procurement takes place.
- All purchases must be made in accordance with the procedures set out by the funding agency.
- In the event that no procedures are provided the following shall apply:
 - Items under \$10,000 purchased from approved suppliers as per annex D, do not need meet the policies and procedures set out in the Capital Items Procurement Policy of the document.
 - Purchases under \$10,000 not from an approved supplier must meet the policies and procedures set out in the Capital Items Procurement Policy of the

Date Policy last reviewed: 21st October 2021

Date Policy due for next review: October 2023



GPI POLICY - PROCUREMENT

document. - All purchases over \$10,000 must meet the procurement policies set out in the Capital Items Procurement Policy of the document.

CAPITAL ITEMS

1. Purchases should seek to meet the principals set out in the UK Procurement Ethical Code as attached in annex A of this document. Purchases should seek to meet the five main principles for purchasing goods and services as set out in this document.
2. Purchases should seek to meet the principles of value for money as set out in this document.
3. A minimum of 2 written quotes must be obtained prior to a purchase decision being made
4. Quotes need to include all associated costs including but not limited to the following
 - a) GST status. Should be GST exempt
 - b) Any delivery costs
 - c) Packaging costs
 - d) Rust and weather proofing (If applicable)
5. Quotes need to consider the following points where applicable
 - a) Ability to supply in timely manner
 - b) Compatibility to other equipment
 - c) Ability to be serviced on Island
 - d) Fitness for purpose
 - e) Rust and weather proofing
 - f) Warranties, Service Agreements
 - g) Availability of parts and after sales service
6. All quotes must be judged on their merits. Price should be an important, but not the overriding criteria for selection.
7. Requests to suppliers for information should be sensitive to supplier requirements.
For example:
 - a) Avoid lengthy or over-prescriptive specifications
 - b) Invite only a sufficient number of suppliers to bid to provide genuine competition
 - c) Do not engage suppliers at a detailed level unless they are seriously being considered

Date Policy last reviewed: 21st October 2021
Date Policy due for next review: October 2023



GPI POLICY - PROCUREMENT

for provision of goods and services

- d) Request only the information from suppliers that is required for assessment of bids
- e) Ensure that bidding procedures are as simple as possible

Policy Annexes:

Annex A: The Procurement Ethical Code

Annex B: Statement to confirm understanding of the Procurement Guidelines and Ethical Code

Annex C: GPI Budget & Policy Guidelines

Annex D: List of approved suppliers

Date Policy last reviewed: 21st October 2021
Date Policy due for next review: October 2023