



BULLER
DISTRICT COUNCIL
Te Kaunihera O Kawatiri

INFRASTRUCTURE SERVICES

MINOR CONTRACTORS' PROCUREMENT AND MANAGEMENT MANUAL

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Author:	Jess Curtis Manager Capital Works	Authorised By:	SLT
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Overview:

The Buller District Council (BDC) Contractor Procurement and Management Manual defines procurement as the process of acquiring goods, works and services and divides contract management into minor and major contracts.

Objective:

The objective of this Manual is to help the Council establish clear, standardised processes that ensure transparency, fairness, and accountability when acquiring goods and services for minor contracts. The Manual promotes consistency, mitigates risks, ensures legal and regulatory compliance, and enhances value for money while maintaining ethical standards.

Procedure:

When procuring and managing minor contracts at BDC, all staff are required to follow the steps outlined in this document. For further assistance or advice, please contact the Infrastructure Services Capital Works Manager.

Applicable to:

- ✓ All employees of Buller District Council managing contracts

Note: Manager refers to Group Manager, Manager, Team Leader and/or Supervisor

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1. OVERVIEW

Procurement and contract management at Buller District Council goes through its own lifecycle, which spans from identification of needs through to the end of a contract.

2. IDENTIFICATION OF NEEDS

Once confirmed that the procurement of any value is needed, the estimation of the total value of the procurement and the risk associated with the procurement are to be considered which identifies the whether the final contract will be a minor or a major contract.

Estimate the Total Value of the Procurement

Before deciding how to approach the procurement, the procurement lead must estimate the total value of the procurement as fully and accurately as possible. The total value of the procurement can be estimated in different ways:

- Identified through the annual plan or long-term planning process.
- For multistage contracts, e.g. design or consents - the combined total value is to be approved under one procurement approval.
- For multi-year contracts, the total value of the procurement is the combined years total up till the contract review is due e.g. the combined total value of a 3 + 3 years contract before review is 6 years.

This will show:

- which threshold applies and the sourcing process should be followed, and
- who has the appropriate delegated financial authority to approve the total expenditure (i.e. the total contract sum).

Estimating costs accurately also helps avoid problems later in the process if submissions from suppliers, or contracts, exceed the available budget.

Complete a Risk Assessment of the Procurement

Risk is the effect of uncertainty on achieving objectives with the BDC Risk Management Manual giving a framework and processes.

Low risk work is generally:

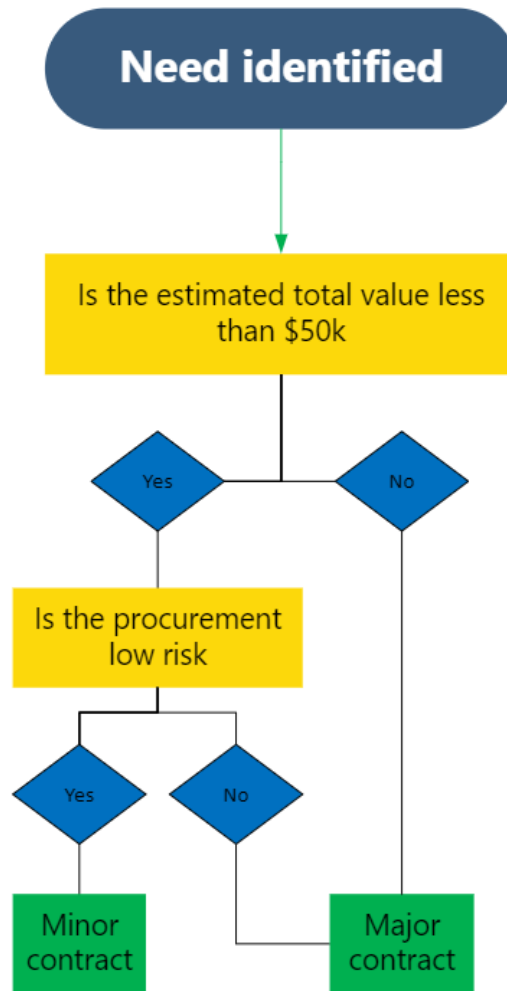
- short-term involving limited expenditure.
- of a continuing nature where the work performed is routine
- has well defined hazards that are generally not significant and can be effectively controlled with routine processes.

Minor Contracts

Contracts for low-risk work are generally of limited duration or exposure and are known as minor work contracts. However significant hazards could also arise from the work or be encountered during work. Low risk work is mostly associated with, but not always, work in offices, workshops and houses and could cover the following work:

- photocopier maintenance
- plumbing
- electrical
- facilities maintenance
- commercial cleaning

Major vs minor contract decision tree:



For Major Contracts please refer to the Contractor Procurement and Management Manual.

3. PROCUREMENT PLANNING

Standard Procurement and Contract Table

The following table summarises procurement process, contract type and cost thresholds with delegated financial authorities still providing final approvals. For any contracts with a total value above \$50,000, please refer to the BDC contractor procurement and management manual.

Value per contract \$	Costs up to \$50,000
Procurement Plan Needed	No – email approval by DFA manager is required.
Procurement Approach	No competitive process is required. However, in some circumstances competition (closed sourcing process) will help achieve best value for money.
Contract Type	Can be by purchase order, SFA, Contract for Services or Minor works contracts

No orders shall be placed, or tenders or quotations accepted unless the following criteria are met:

- Financial approval for those goods or services has been provided for in the current budget.
- The signatory has been delegated the required financial authority under the Financial delegations policy.

The method of purchasing goods and services shall be dependent on the estimate of the costs to be incurred in accordance with the following schedule, but always to ensure the Council receives the best value for money.

Choose the Contract

Buller District Council request three main type of contracts; minor contracts, professional services and construction services. The following contract documents are used at BDC for minor contracts (e.g. port, library, office consumables)

- Contract for Services
- Minor works contract

Contract Documents

Each contract will require different documents depending on the complexity of the work. A scope of services, health and safety requirements and price agreements in the form of a fee estimate or schedule of prices should all be included in the final contract.

Schedule of Prices/Fee Estimates

The purpose of the Schedule of Prices or Fee estimate is to agree on the value of the items of work. Items of work **should** be grouped together in their respective asset categories in the Schedule, generally in accordance with the respective trade, and the materials and labour related to the finished work.

Disbursements are supplementary costs which advisers may incur on their client's behalf, and can include, among other things accommodation, daily food allowance, milage costs. These are to be separate from the hourly rate and agreed as part of the fee estimate or schedule of prices in advance.

Contract Insurances

Insurance is one way to transfer financial risks in a project. Certificates of Insurance are required to provide proof of insurance cover arranged by the contractor. It is important that the contract manager understands the conditions requested in the Certificates of Insurance and the reasons for them. Officers should be aware that policies of insurance are contracts in their own right and they do not cover all risks. The decision as to whether insurance of the works is required is at the discretion of the Contract Manager however, consideration should be given to require proof of insurance where a small value contract affecting high-value existing works carries large risks (e.g. cleaning contracts).

Below are the main types of covers that may be appropriate to request of Contractors:

- **Contract Works** To cover construction projects/contract works (including both new construction and alterations/additions to existing property) against physical loss or damage. The policy would generally cover the value of the project (including any materials which form part of the project).
- **Public Liability/General Liability/Third Party Liability/Products Liability** This policy covers legal liability for damage or injury happening in connection with the business. The policy covers liability arising from employee or business actions and includes liability relating or arising from products sold or manufactured. Cover includes associated defence costs to defend an allegation and is likely to include cover for liability associated with products and liability as a tenant and property owner. For construction contracts a minimum amount of \$1,000,000 is required.
- **Professional Indemnity** To cover legal liability incurred by giving negligent advice or through a breach of professional duty e.g. engineering designs. Cover includes associated defence costs. The minimum amount should be five times the contract value.

Key Performance Indicators

Key Performance Indicators **should** be included with each Contract. Examples of Key Performance Indicators include:

Aspect	Specification	Period of measurement
Delivery	100% of goods arrive on time to the correct delivery address	Monthly
Goods	100% of goods meet the requirements of this agreement	Monthly
Services	100% of services meet the requirements of this agreement	Monthly
Reporting	100% of reports arrive on time	Monthly
Reporting	100% of reports meet requirements of this agreement	Monthly
Relationship Management	All issues communicated by the Supplier Representative to the BDC Contract Manager as soon as possible.	6 monthly
Relationship Management	The Supplier takes all reasonable steps to resolve 100% of issues communicated by BDC Contract Manager to the Supplier Representative and requiring action.	6 monthly
Health and Safety	All health and safety events are notified to the BDC Contract Manager within 24 hours	Monthly
Health and Safety	All WorkSafe Notifiable health and safety events are notified to the BDC Contract Manager within 4 hours	Monthly

Contracts Register

Buller District Council maintains a [contracts register](#) in SharePoint where all procurement and contract documentation is to be stored with restricted access.

4. HEALTH AND SAFETY

The relationship between the Council and contractors is one of equal footing, each with overlapping duties, and each with a primary duty of care. Workers of contractors are essentially workers of the Council.

The steps available to the Council depend on the extent to which it has influence and control over the work. In almost all situations the contractor is in a better position to have the greater influence and control (except perhaps when the Council and contractor are working closely together on the job) so they will be expected to take most of the direct responsibility. However, the Council, through the processes outlined in this document, is in a strong position to influence the health and safety of other PCBUs, and the workers.

In relation to the duties of overlapping PCBUs ask the question “who is in the best position to do what?”

Consult, Collaborate, Coordinate

In all situations where the Council is involved in contracting work, there will be two or more PCBUs involved, i.e. the Council, the Contractor and any Subcontractors. Therefore, there could be multiple PCBUs. Each PCBU must therefore, as far as is reasonably practicable, “consult, collaborate with, and co-ordinate” activities with all other PCBUs who have a duty in relation to that work.

Consult	Everyone associated with the work has a shared understanding of what the risks are, which workers are affected and how the risks will be controlled. The exchange of information will allow the duty holders to work together to plan and manage health and safety.
Collaborate	Involves implementing arrangements in accordance with any agreements reached during consultation with the other duty holder and involve not acting in a way that may compromise what they are doing for health and safety.
Coordinate	Requires duty holders to work together so that each person can meet their duty of care effectively without leaving any gaps in health and safety protection. Plan and organise activities together with the other duty holders. This will include making sure that the measures put in place work effectively together to control the risks.

All contract processes, whether big or small will revolve around the contractor management cycle for health and safety. The steps taken at each part will depend entirely on the health and safety risk involved in the work.

For example, the steps expected of the Council for minor servicing contracts will be different from those expected of the Council for construction of a major visitor facility. The servicing contractor may only require a brief exchange of relevant health and safety information while the steps expected of the Council for a major visitor facility contract or subcontract will be extensive.

Each of these parts is set out in following sections.

Primary Duty of Care

A Person Conducting a Business or Undertaking (PCBU) has a primary duty of care to ensure the health and safety of workers and others affected by the work carried out by the PCBU. The Council is a PCBU and has clear duties toward others, whether those others are a PCBU or not. The scope of those duties will depend on each situation or relationship and then on the ability the Council to influence or control that situation.

The primary duty of care requires all PCBUs is to ensure, so far as is reasonably practicable:

- That the health and safety of its workers or those workers who are influenced or directed by the PCBU (for example its own workers and contractors/sub-contractors) are managed.
- That the health and safety of other people is not put at risk from work carried out as part of the conduct of the business or undertaking (for example the public).

5. SOURCING

The [procurement policy](#) outlines the underpinning rules for procurement for Council staff to follow. Minor contracts are not required to follow the full procurement process; however, a briefing is preferred to ensure mutual understanding before entering the contract.

Briefings

If a full procurement process is not required to be undertaken, a briefing **should** be written to outline the requirements for the procurement exercise. As a minimum the brief **should** include:

- Key Requirements:
 - What does the Council want?
 - Detail the timescales
 - Technical specifications
 - Statement of work
 - Budget
- Outputs:
 - E.g. site landscaping, temporary staff
- Contract management:
 - How will the contract be managed when it goes live
 - How will quality or service levels be measured, recorded and maintained?

Conflict of Interest

Principle 5 of the BDC Procurement Policy 'play by the rules' says to 'Make sure everyone involved in the process acts responsibly, lawfully and with integrity. Stay impartial - identify and manage conflicts of interest'. All contract managers and voting members of a procurement team are to have an approved Conflict of interest form with a management plan for any declared conflicts.

6. CONTRACT IMPLEMENTATION

Once a contract has been signed by all parties, a copy of that fully signed contract along with the procurement documents must be saved in the contract register on SharePoint with limited access. The mandatory fields must also be completed at this point. The recommended fields may be updated as relevant. It is the responsibility of the contract manager to ensure the contract is filed and the contract register is updated as appropriate.

The Council and suppliers undertaking low risk work are PCBUs, therefore both have a duty to protect the health and safety of workers, whether employed by the contractor, or employees of the Council who may be working in the vicinity. To assist with this there are a couple of steps that must be undertaken when engaging minor contractors:

- agreement of responsibilities
- on-site induction of the contractors prior to undertaking the work

7. Health and Safety

Information Sharing Between PCBUs (i.e. BDC and Contractor(s))

There must be clear consultation, collaboration and cooperation between PCBUs, no more so than when developing safety plans to ensure the safety of all workers and others in the vicinity of the workplace.

The extent of the Council's involvement will depend on the level of control and influence it has over the work. In most situations the contractor will have most of the control simply because they are on site and have specialist knowledge. The extent of influence the Council will have depends on:

- the nature of the work and the Council's knowledge of it
- Council employee involvement in carrying out the work

- the isolation of the work

Whatever the situation, effective consultation is critical, and agreement between PCBUs on who is responsible for what at any given point must be clear and unambiguous.

There are some basic principles on the exchange of information between PCBUs, i.e.:

- BDC is required to give information to the Contractor(s) around hazards and risks and then agree with the Contractor on how they should be managed. The contractor is then required to manage any hazards they may create or identify while the work is being undertaken.
- Contractor induction is an essential element in the practicable step of information sharing between PCBUs. BDC is required to facilitate this. For significant contracts induction will take place at the beginning of each contract.
- Information on workers training records, and/or how they will be supervised.
- The contractor is to advise if they are bringing into or maybe creating any hazards or risks on site, e.g. hazardous substances, noise, dust, electrical hazards etc.
- The contractor is to advise whether subcontractors are intended to be engaged.

Events Reporting

All events must be notified to the BDC Contract Manager within 4 hours. The BDC Contract Manager is to record the event in Damstra within 48 hours with the Health and Safety Advisor deciding on the need for a standard or formal investigation. Investigations will be led by the Health and Safety Advisor and governed by the Health and Safety committee.

Health and Safety Monitoring

In most situations monitoring of health and safety performance would be viewed as a reasonably practicable thing to do. Because every contractual situation is different, the Manager in consultation with PCBUs, will need to decide what is reasonably practicable to do in each circumstance.

Situations where it may not be practicable to monitor could include:

- Low risk work where hazards and risks are not significant
- Where the contractor is working remotely, and the Council does not have ready access
- Where Council staff do not have the level of competence required to monitor because of the specialised nature of the work.

It needs to be made clear across PCBUs (i.e. BDC and contractors), via the consultation process just who, if anyone, will be monitoring.

Meetings or inspections are common ways on monitoring the contract with notes and photos shared post inspection by the BDC Contract Manager.

Where unsafe behaviour or practices are observed during (or even outside) the course of formal monitoring by an employee of the Council, as well as actual incidents at any time, the accountable Manager should ensure there is a procedure in place whereby such instances are reported, and the appropriate action immediately taken.

All on site safety audits arranged by the BDC Contract Manager are to be recorded on Damstra, with corrective actions to be completed by the assigned person.

8. CONTRACT MANAGEMENT

Managing the Supplier Relationship

Contract management includes managing contractor performance, site issues, correspondence, contract variations, the project budget, meetings, all progress inspections, any health and safety inspections, as well as any practical completion inspections.

The management of a contract **should** only be undertaken by staff who have had experience in that type of goods, services or works. The management process should be confirmed at the outset of the procurement process.

Supplier relationship management is the ongoing strategic management of the contract. All contracts **should** have a relationship manager appointed as early as possible so that they gain a full understanding of the background and objectives of the procurement.

Principles of contract management:

- Supplier performance should be managed pro-actively to achieve the right results on time, at the agreed cost and at the required quality.
- The supplier's management of health and safety should be monitored and managed.
- All communication that may have contractual significance must be documented.
- Records should be kept showing appropriate contract monitoring and management.
- The conditions and terms of the contract should be understood and adhered to by all parties to the contract.
- Contract risk, including business contingency and continuity, should be managed.
- Supplier invoices should only be authorised by those with the necessary delegated authority.
- All equipment, intellectual property and materials belonging to Council must be fully returned prior to contract completion.
- There should be formal acceptance that the product(s), service(s) or the work is acceptable.
- The learning points from the problems and successes experienced should be identified.
- These will be used to improve the management of the contract process throughout Council in future.
- A factual assessment of the supplier's competencies should be recorded and used as a reference in future contract activities.
- The supplier shall be advised of Council's evaluation of their performance so that they can have the opportunity to address any issues prior to future tender submissions.

Contract documentation is to be stored on the contract register. This may include:

- Email communications to and from the supplier
- Meeting minutes if held

Supplier Payments

The objective in processing supplier invoices or claims for payment is to:

- Ensure that the goods, services, and works have been received.
- Ensure that they relate to a commitment that has been properly authorised by a purchase order or approved contract.
- Ensure that they are processed in accordance with the timeframes of the contract.

Once a contract has been approved, any payment to be made as the work progresses is managed through an administrative process.

No further delegation is required where:

- The payment is on the authority of an approved contract or purchase order.
- Payment does not exceed the specified payment for the amount of work completed.

Invoices will be paid on the 20th of the month following the invoice date, except where other arrangements were made.

All suppliers are to be advised to send their invoices (along with a breakdown of the invoice as per the schedule of prices) quoting the contract and purchase order number to: invoices@bdc.govt.nz

Contract Variations

From time to time, it may become apparent that the contract requires amendment either to meet requirements or due to a change in circumstance. Some changes will be anticipated and provision for that change made in the contract (e.g. regular reviews of price or key performance indicators). It is suggested to confirm this in writing via a Notice to Contractors (NTC).

9. CONTRACT END

Minor contracts

Minor contracts may be over several years, or for a short term. For both a reduced contract evaluation is recommended for the opportunity to give feedback to suppliers, or to review the contract arrangements for currency.

Before the contract ends, think about:

- organising a debrief meeting with the supplier or provider
- getting a final report from the supplier
- the final payment or return of unspent funds (if any)
- the final report by the contract manager
- current clients of the service - do they need to transfer to other services?
- client records - how should these be handled? Will they be handed over to a new supplier? Check whether the contract covers this
- a review of the supplier's performance and the service agreement.

10. KEY DOCUMENTS

Contract management forms/templates:

- [Short Form Agreement \(SFA\)](#)
- [Minor Works Construction Contract Template](#)
- [Briefing Template](#)
- [Contract Checklist](#)
- [Contract for Services Template](#)
- [Contract Approval Form](#)
- [Contract Start Up Meeting Agenda](#)
- [Contractor Capability Assessment Induction](#)
- [Contract Meeting/Record of Site Visit Form](#)
- [Supplier Performance Evaluation Form](#)
- [Notice To Contractors \(NTC\) Template](#)
- [Contract Debrief Template](#)

Other documents:

- [Procurement Policy](#)

- [Financial Delegations Policy](#)
- [Conflict of Interest Policy](#)
- [Conflict of Interest Procedure](#)
- [Health and Safety Management System](#)
- [Risk Management Manual](#)
- [MBIE - Templates | New Zealand Government Procurement and Property](#)
- <https://oag.parliament.nz/2020/conflicts>

11. ROLES AND RESPONSIBILITIES

Contract Manager

The Contract Manager oversees contract execution, ensuring compliance with contract terms and service levels, managing risks, monitoring performance, resolving issues, and maintaining stakeholder relationships.

Below are the activities a Contract Manager may undertake:

- ensure that the contract documentation reflects what has been agreed between the parties
- act as the single point of contact for all contract matters
- oversee the contract's day-to-day operations
- check invoices and only certify payment when satisfied that delivery has been made in full
- regularly monitor and report on the supplier's performance
- issues are identified and resolved quickly and effectively
- escalate issues as necessary
- maintain an overview of the contract requirements and seek changes where appropriate to meet emerging business needs