

## Managing contracts

### [00:10] – Reeba Kurian

So it all starts with the procurement plan where we first try and understand from the requester who is usually from Auckland Council.

They approach us and we have a detailed discussion with them and try and understand the objective, the scope, the type of goods or services they want to utilise, the value of it, the risk involved, or the quantity of goods that they want to buy or the level of expertise they need if it's a service that they want to utilise.

We have a detailed discussion with them about these aspects, and once that is done, then we try and understand what would be the best approach that we could use to send out the invitation into the market.

### [00:46]

So we basically have three kinds of approaches that we use to approach the market. So first could be an open tender or a close tender or a direct source approach.

The first approach that I'd like to discuss about is the open tender approach. An open tender approach is used when we are not aware of the suppliers that are there out in the market, and we want to test the market and see who all are out there that could help us with the purchasing of the goods or provide us with the services that we need. So we send out an open invitation. It goes out for everybody to see out there in the market. Whoever responds to the invitation, we then take it from there and carry on with the next steps.

### [01:33]

The second approach that we have is the closed tender approach. In a closed tender approach, we are aware of the suppliers that exist in the market and we know who can perform and in what level. So we select a group of these suppliers and we send out the invitation to them and they then respond to the bid.

### [01:50]

The third approach is the direct source approach, and that is usually done when we know there is one particular supplier out there who can do this kind of job. That could be based on the kind of expertise that he has or the level of goods that he's provided before, and that will help us to directly associate with them and just ask them if they could provide a service to us.

### [02:12]

So once we have decided what approach we are going to do, we now need to decide how we are going to evaluate the responses that come to us.

So if it is an open tender or a closed tender, we would have multiple responses that come to us, and we need to evaluate them and select the best out of the responses we receive. So we need to develop a criteria on how we are going to evaluate them. So basically, first we set up an evaluation panel and the evaluation panel will consist basically of firstly the requester who initially requested us for the goods or the services. Along with that person there would be a couple of other people who would usually be expertise in the field, and together they form a committee.

So when we receive the responses, they would then read through the responses individually and confidentially, and they would evaluate how the responses have come through and they would score them based on the criteria. So one approach could be where we use a scoring method. So each of these panel members would read through all the responses, evaluate them, score them out.

**[03:16]**

The second approach, what we could also use is something that we call as the lowest price conforming, which basically means with all the bids that we receive, whichever is the lowest price, we give them a chance to see what our services or the level of goods they're providing. But we do need to be sure that just because it's lowest price, we need to be sure whether the quality is good and the level of expertise that they're providing matches our expectation. So those are the two types of evaluation approaches that we use with the responses that we receive.

**[03:51]**

Now that we have decided on how we are going to evaluate the suppliers, we finally approach the market and send out the tender invitations to the market. So if it is an open tender invitation, it goes out to everybody; a closed tender to a group of suppliers; or a direct source, it is just sent to one supplier.

**[04:08]**

In case of an open or a closed tender, we usually provide about two to three weeks to the respondents for them to view the invitation and provide their response to us. But in case of a direct source, it's just directly sending out an invitation to one particular company, so that would generally be a much smaller duration, maybe about ten to twelve days at the most.

**[04:32]**

Once we receive the responses from the tenderers, we file them in our system and provide these responses to the evaluation panel members and these members individually and confidentially read through the responses that they receive and score these responses. The procurement member then schedules an evaluation meeting which they facilitate. So all the evaluation team members, panel member sorry, come together and they then see what the other person has scored.

The procurement member has already uploaded the scores into a pre-formulated Excel sheet and shows the sheet to all the panel members in the meeting. It is then that they get a better clarity about who is the better performing supplier among all the suppliers that provided their response. The procurement members' main job here is to facilitate the meeting, and to ensure there is complete fairness and transparency in all the discussions that are taking place.

**[05:34]**

Now that we have a fair idea about who are the top two or three suppliers based on the scores that we got, we can then maybe have a negotiation meeting with them. If the requester, the initial requester for the job or the goods or the services wants to have some further discussions with the top two or three suppliers and understand some final details on their responses, we can then do that.

**[06:00]**

Once those negotiation meetings are concluded and done, we then have a final winner and who the winning supplier would be would produce or provide us with those goods or provide us with those level of expertise or the services. Now that we have a winner in place, we prepare an award letter and send it out to the winning supplier. At the same time, we also prepare a document and let the unsuccessful tenderers know about the tender outcome.

**[06:29]**

We at this point of time give an opportunity for the unsuccessful tenderers to have a meeting with us. We call this a debrief meeting. At this debrief meeting, an opportunity is given to them to come and discuss with us about the responses that they provided and how the tender outcome had come about.

This gives them a fair chance to understand where they stand and also how they can improve the next time they want to respond to a tender invitation that we send up. It also gives us an opportunity to get feedback on how we performed while we were sending out the tender invitation, and if there is any place or scope for us to improve so that the market can understand us better.

**[07:09]**

Finally, the contract document is prepared where all the requirements that the requester had initially set or mentioned is put forward into a document, and this particular contract document is first sent to the supplier when we supply for them to sign and then the Council signs it off as well. And once that is done, we prepare a purchase order and that is provided, that number is provided to the supplier for them to invoice us on.

[07:35]

Managing conflict of interest is really an important aspect for us from the procurement team, and what we do is each time you start a new project, we definitely ask the requester if there is any possible conflict of interest that he foresees that could arise in this project. And we also provide a similar form to the suppliers for them to provide their information as well, which is then captured and dealt with by the legal team later on.