



# GOVERNMENT OF PITCAIRN ISLANDS PROCUREMENT POLICY

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## **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.

- right quality
- right quantity
- right source
- right price
- right time

Authorised purchasing officers need to have also considered;

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

### **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.

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

## CAPITAL ITEMS PROCURMENT POLICY

1. **Purchases should seek to meet the principals set out in the UK Procurement Ethical Code as attached in annex A of this document.**
2. **Purchases should seek to meet the five main principles for purchasing goods and services as set out in this document.**
3. **Purchases should seek to meet the principles of value for money as set out in this document.**
4. **A minimum of 2 written quotes must be obtained prior to a purchase decision being made**
5. **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)
6. **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
7. **All quotes must be judged on their merits. Price should be an important, but not the over-riding criteria for selection.**
8. **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 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

## ANNEX A

### THE PROCUREMENT ETHICAL CODE

All staff engaged in purchasing, supply or contracting must carry out their duties in accordance with this Ethical Code.

#### Rules of Conduct

Staff will:

- Maintain an unimpeachable standard of integrity in all their business relationships
- Optimise the use of resources for which they are responsible, to provide the maximum benefit to the HM Government
- Comply with the letter and the spirit of commercial law and contractual obligations
- Reject any practice that might reasonably be deemed improper
- Never use their authority or office for personal gain
- Immediately report all cases of confirmed or suspected fraud, corruption or impropriety to the Head of PIO or the Governor's Office

In applying these rules of conduct, the following guidance should be observed:

#### *Declaration of Interest*

Any personal interest which may impinge or might reasonably be deemed by others to impinge on the staff member's impartiality in any matter relevant to their duties should be declared to the Head of PIO or Governor's Office as appropriate.

#### *Confidentiality of Information*

Commercially sensitive information must be kept confidential and never utilised for personal gain or to prejudice fair competition. Subject to the provisions of the Freedom of Information Act and the EU Procurement Directives, information about individual contracts, contracts policy or procedures must not be given to third parties without the authority of line management. It is important to safeguard commercially confidential information so that it is not released by others, inadvertently or otherwise.

#### *Accuracy of Information*

Information given in the course of duty should be true and fair and never designed to mislead.

#### *Fair Dealing*

Staff should demonstrate to suppliers at all times an impartial and ethical manner towards the use of public funds. Staff should not mislead suppliers, unfairly pressurise a supplier, or ask suppliers to meet or beat another supplier's price.

#### *Competition*

Bearing in mind the advantages of a continuing relationship with a supplier, any arrangements that may inhibit the operation of fair competition are to be avoided.

### ***Gifts***

No gift or money should be accepted from a supplier unless it is of a trivial nature (e.g. box of chocolates, calendar) or to not accept it would be offensive to the supplier.

Any gifts received over the value of NZ\$75 must be declared to the Head of PIO or Governor's Office and recorded in a Gifts Register which should be maintained by the Head of PIO.

Any attempts by suppliers to influence the decisions of staff by the offer of gifts or other inducements should be immediately reported to line management.

### ***Hospitality***

It is accepted that the informal contacts created by offers of hospitality may sometimes be beneficial to mutual understanding and efficient conduct of business. However, the provision of hospitality by suppliers can also be seen to represent an attempt to circumvent the rules on acceptance of gifts or to influence the decisions of staff in relation to the awarding of contracts for goods or services.

Modest hospitality may be accepted on isolated occasions with the agreement of the Head of PIO or the Governor's Office (as appropriate) Such hospitality should neither be lavish nor so frequent that it may appear to have influenced a business decision in favour of a particular firm.

Particular care must be taken when suppliers are in the process of tendering for business.

Similar to the acceptance of gifts, hospitality should be recorded if not of a trivial nature.

END

**ANNEX B**

**STATEMENT TO CONFIRM UNDERSTANDING OF THE  
PIO PROCUREMENT GUIDELINES & ETHICAL CODE**

I have read and understood the PIO Procurement Guidelines and I am aware of my responsibilities when making any purchase of goods or services on behalf of the Government of Pitcairn Islands.

Signed : \_\_\_\_\_

Name : \_\_\_\_\_

Date : \_\_\_\_\_

## ANNEX C

### GPI BUDGET & POLICY GUIDELINES

#### OVERVIEW

As part of the GPI restructure a number of key operational areas of responsibility have been assigned to the Pitcairn Island Community. The Islands' governance has now changed to consist of four operational divisions overseen by the Island Council made up of an elected Mayor and councillors and other appointed members.

Each of these five units are responsible for the administration, approval and reporting of expenditure against approved budgets which are set annually.

#### TIMETABLE

|  | Nov | Dec | Jan | Feb | Mar | Apr |
|--|-----|-----|-----|-----|-----|-----|
| DM's and Council prepare preliminary budgets         |     |     |     |     |     |     |
| Budgets circulated to PIO                            |     |     |     |     |     |     |
| Budgets circulated to Council, PIO, DFID and FCO     |     |     |     |     |     |     |
| Draft Budgets accepted by DFID and FCO               |     |     |     |     |     |     |
| DFID Visits PIO in Auckland                          |     |     |     |     |     |     |
| DFID visits Pitcairn Island                          |     |     |     |     |     |     |
| Final Budgets Distributed Council, PIO, DFID and FCO |     |     |     |     |     |     |
| Aid Settlement Approved by UK Government & DFID      |     |     |     |     |     |     |
| Aid Agreement Signed By Governors Office             |     |     |     |     |     |     |
| Funds Available For Draw Down                        |     |     |     |     |     |     |

## **BUDGETARY LIMITS**

The UK Government Department for International Development (DFID) continues to be responsible for providing ongoing budgetary aid to the Pitcairn Islands and will each year approve budgetary limits for all costs associated with the maintenance, growth and wellbeing of the Islands and its community.

DFID has ultimate responsibility and authority in the setting of the budget and capital expenditure allocations, though it will work in close consultation with the Governor's Office, PIO and the Island Government in assessing the needs of the GPI before budgets are set.

Responsibility for these funds will be allocated between the PIO based in Auckland and the five government divisions on Pitcairn. Budgetary responsibility will be decided on where the underling authority and control rests for the various types of expenditure.

Once budgets have been agreed and funding approved by the UK Government, the budget responsibilities for the year's expenditure will pass down to the relevant divisions who will be charged with the prudent administration and reporting of all expenditure within their area and will have the obligation to run their departments within the set budgets.

Each division will have an authorising officer who will be required to manage the funds within their control in a way consistent with the policies and procedures laid out in this document.

## **OFFICIAL AUTHORISING OFFICERS**

The following positions are the designated authorising officers for the relevant divisions

|                    |                     |
|--------------------|---------------------|
| Mayor              | Island Council      |
| Divisional Manger  | Community Division  |
| Divisional Manager | Natural Environment |
| Divisional Manager | Finance & Economics |
| Divisional Manager | Operations          |

The above can appoint other members of their division as authorising officers but overall responsibility remains with the divisional heads.

All expenditure must be approved by an authorising officer and all requests and orders to the PIO will only be accepted when received via email from an approved email address.

### **Authorising officers accept the following responsibilities:**

1. Checking of timesheets and other measures to ensure work has been properly carried out before authorising any payments.
2. Ensure that an independently monitored, closed tendering process has been carried for all contracts and staff positions.
3. Monitoring of expenditure to budgets on a monthly basis and provide detailed explanations for any larger than expected costs.
4. Keep accurate records and co-operate fully with all audit requirements
5. Promptly bring to the attention of the PIO any irregularities or concerns in regards to the financial and operational performance of the division.
6. Acknowledge and accept that failure to meet these responsibilities may result in disciplinary action, or in the case of fraud, to criminal prosecution.

### **Authorising Procedures**

1. The official authorising officer is responsible for the expenditure incurred by the division and its employees under its jurisdiction and for ensuring that the expenditure is within approved budget limits.
2. All expenditure requests will only be actioned by the PIO if they are received via email from the mayor's official email address.
3. The official authorising officer may appoint other employees as authorising officers but the PIO must be notified of this via an approved email which is to include the new approved email address.
4. All expenditure approved by a nominated authorising officer will be deemed to have been approved by the official authorising officer, who remains responsible for the expenditure.

The following Policies and Guidelines are to be followed when incurring expenditure against the approved budget allocations under the control of the Island Council and the four operating divisions of Pitcairn Island.

#### **1. Salaries**

- a) Approved during budget review by DFID
- b) Cannot be changed without approval from DFID

#### **2. Pensions & Child Benefits**

- a) Pensions and child benefits are set by DFID following recommendations from the DM Community Division and Council.
- b) No changes to the criteria or levels of payment can be made to pensions or child allowances without DFID approval.
- c) All payments for pensions and child allowances must be in accordance with the criteria set down by DFID and council.

#### **3. Maternity & Sick Leave**

- a) Payments to be made in accordance with the individual's employment contract and the criteria set down by council.
- b) No changes to the criteria or levels of payment can be made without the prior approval of DFID.

#### **4. Contract Wages**

- a) Payments to contractors must be within the terms and conditions of their employment agreements.
- b) Any remuneration including provisions for overtime cannot be altered or included without prior approval of DFID.
- c) Any new contracts issued during the financial year must be tendered and allocated in accordance with the rules set out by council.

## **5. Land Court**

- a) Payments are to directly relate to the convening of the land court or carrying out the wishes of the court.
- b) Payments to individuals must be within the terms and conditions of their employment agreements.
- c) Any remuneration including provisions for overtime cannot be altered or included without prior approval of DFID.

## **6. Surveyors**

- a) Payments to surveyors must be within the terms and conditions of their employment agreements.
- b) Any remuneration including provisions for overtime cannot be altered or included without prior approval of DFID.

## **7. Building Inspector**

- a) Payments to inspectors must be within the terms and conditions of their employment agreements.
- b) Any remuneration including provisions for overtime cannot be altered or included without prior approval of DFID.

## **8. Tourism**

- a) Expenditure is to directly relate to the functions of the tourism board and all expenditure approved by the board at a duly convened meeting and noted in the minutes.
- b) Payments to individuals must be within the terms and conditions of their agreements and all payments noted in the minutes of the relevant Tourism Board meetings.
- c) Any remuneration including provisions for overtime cannot be altered or included without prior approval of DFID.

## **9. Travel**

- a) Work related travel must be approved by DFID during the budget review.
- b) All approved travel must be in line with the criteria outlined in the DFID budget review document.
- c) Unless approved in advance by DFID all travel is to be economy class
- d) All official travel on and off Pitcairn must be via GPI chartered vessels.
- e) The only exception is for compassionate or health reasons and must be approved by DFID prior to travel taking place.
- f) All official travel arrangements must be made through the approved GPI travel consultant.
- g) Any official travel deemed necessary but not previously approved during the budget review must receive funding approval before taking place.
- h) This applies even if sufficient funds remain available after the approved trips have been fully expensed.

## **10. Entertainment Committee**

- a) Expenditure must be approved by the entertainment committee during a duly convened meeting and the decision recorded in the minutes.
- b) Expenditure can only be for events or purposes which...
  - Are open and available to the whole community; and
  - Contribute to the cultural enrichment of the community; or
  - Contribute to the positive image of Pitcairn; or
  - Provide hospitality or gifts to visitors who have contributed to the Pitcairn community; or
  - Reward and encourage individuals or ventures which increase island revenue.

## **11. Marketing**

- a) All requests or instructions to the PIO for purchases or services must be made by the DM or an approved authorising officer via email from an approved email address.
- b) Any payments made to individuals need to be recorded in the minutes of the relevant Tourism Board meeting.

## **12. Discretionary Fund**

- a) This allocation is available to the Island Council to fund small projects and initiatives which fit within the following criteria.
  - i) Project will benefit the Pitcairn Island community by helping to achieve one or more of the following:
    - Improve safety
    - Improve or protect the natural environment
    - Meet community's obligations and responsibilities as a Government body.
    - Improve tourist experience
    - Increase government revenues
    - Reduce government costs
  - ii) No single project is to exceed \$10,000 without prior approval of DFID.
  - iii) Projects should not unfairly benefit or exclude any individual or group within the community. With the exception of the elderly or the young who may be the sole beneficiaries of a project provided the council agrees it is in the interests of the community.
- b) Where possible and practical all work or services related to a project which will involve payments to islanders over and above their normal salaries must be fairly tendered and open to all eligible members of the community.
- c) Any member of the community including visitors and non-residents are invited to submit ideas and suggestions for projects to council through a council member.
- d) Projects are to be debated and approved by Council during a duly convened council meeting and the decision recorded in the minutes, including a summary of the project, details of costs and how the project will meet one or more of the required criteria.

## **13. Stationery & Supplies**

- a) All requests to the PIO for stationery and supplies must be made by the Mayor or an approved authorising officer via email from an approved email address.

## **14. Repairs & Maintenance**

- a) All requests to the PIO for equipment, materials and supplies must be made by the Mayor or an approved authorising officer via email from an approved email address.

## **15. Materials & Equipment**

- a) All requests to the PIO for equipment, materials and supplies must be made by the DM or an approved authorising officer via email from an approved email address.

**16. Museum**

- a) Expenditure must directly relate to the running of the museum.
- b) All requests to the PIO for purchases must be made by the DM or an approved authorising officer via email from an approved email address

**17. Post Office**

- a) Expenditure is to directly relate to the functions of the Post Office.
- b) All requests to the PIO for equipment, materials and supplies must be made by the DM or an approved authorising officer via email from an approved email address.

**18. Power Generation**

- a) All requests to the PIO for purchases must be made by the DM or an approved authorising officer via email from an approved email address.
- b) Diesel purchased for power generation cannot be used for any other purpose without it being duly noted in the inventory and the PIO advised so it can adjust its records.
- c) All requests to the PIO for equipment, materials and supplies must be made by the DM or an approved authorising officer via email from an approved email address.
- d) Electricity charges are set by DFID during the budget review and cannot be changed without approval from DFID.
- e) All payments for electricity charges must be handled by the GT.

**19. General Works & Marine**

- a) All requests to the PIO for equipment, materials and supplies must be made by the DM or an approved authorising officer via email from an approved email address.

## ANNEX D

### GPI APPROVED SUPPLIERS

|                            |   |
|----------------------------|---|
| Albany 100% Extreme        | Whiteware, small appliances, audio, visual appliances                           |
| Attentive Design           | All printing needs – PIPCO, PIO, Guides, Postcards etc                          |
| Briscoes                   | Homeware – linen etc  |
| Dick Smith Electronics     | Electronics, some computers, various other items                                |
| Ecroyd Beekeeping Supplies | All items for Beekeeping industry   |
| Electronic Navigation      | VHF Radios and the like for boats and land                                      |
| Elgas & BOC                | LPG gas and welding gas   |
| EMCO                       | Engineering, advice, heavy equipment sourcing                                   |
| EBOS                       | Medical equipment   |
| Health Support             | Medical supplies  |
| Ideal Electrical           | Electrical supplies, cable, fans, etc.  |
| Japan Marine               | Alcohol/cigarette supplies  |
| Mitre 10                   | Kitset furniture other odds & sods as requested                                 |
| Newton Seeds               | Fertilisers, seeds rakes gardening equipment                                    |
| Office Products            | All stationery supplies, rubber stamps, office furniture                        |
| Pinepac Group              | Timber, plumbing, roofing, ridging, nails, paint etc                            |
| Planet Honda               | Motorbike parts   |
| Sea Services               | Food supplies, chilled, frozen & produce as well as<br>Dried goods as requested |
| School Supplies            | School needs – books, art supplies etc.   |
| Stony Creek Shipping       | Engineering, heavy equipment sourcing   |
| Woolworths                 | Co-op Store requirements, dried goods, Household items.                         |
| Wrights Outdoor Equipment  | Chainsaws, mowers, brush-cutters etc.   |