



MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT  
GOVERNMENT OF THE COOK ISLANDS  
OFFICE OF THE FINANCIAL SECRETARY

Press Release

**PURCHASE AND SALE OF GOODS AND SERVICES POLICY 2016**

On 4 October 2016 the Government of the Cook Islands approved a reviewed Purchase and Sale of Goods and Services (PSGS) Policy 2016 to come into effect immediately. A copy of the policy can be downloaded from the procurement portal <http://procurement.gov.ck/>. This Policy must be read together with the PSGS Templates Booklet which may be amended from time to time. Templates and sample documentation referred to in this Policy are published separately by Ministry of Finance and Economic Management (MFEM) and are available from time to time on the MFEM website.

The first PSGS Policy was approved on 2 December 2014 which applies to all Ministries, Island Administration and Crown Funded Agencies and designed to ensure that the Crown conducts all sales and purchasing activity in a uniform manner which is open, transparent and obtains value for money for the Crown.

Due to feedback received from Ministries and State Owned Enterprises (SOEs) during the last two years, MFEM had reviewed the policy to address issues raised which included lack of clarity, recognition of SOEs structure and commercial nature, simplification of processes, mandatory requirements, authority levels, delegated authority, central procurement, variations and waivers, conflict of interests, fraud and corruption, electronic procurement, tender and evaluation processes, sales by auction and the exclusion of the templates from the policy to enable more efficient and quicker response to changing templates required.

Major changes to the Policy include:

1. Structure and Contents

The structure of the Policy document has been changed to make it more readable. The proposed table of contents now has 7 sections, namely:

1. Abbreviations,
2. Definitions,
3. Introduction,
4. Purchase of Goods and Services,
5. Sale of Goods,
6. Procurement Complaints, and
7. Schedule One: Mandatory Tender Requirements for Purchases

2. Application

The application section (section 1.2, pg. 9) has been amended to recognize the different structure and commercial nature of SOE businesses. This recognition is also reflected in the Definitions section (pg. 5) of this policy, for terms – Board and Head of Agency.

Major change includes the approval of Board of Directors for SOE instead of the Tender Committee. Please see Definition section pg. 6 Term - Tender Committee.

### 3. Mandatory Limits

Calls for a simplification of the process were received and in discussions with the Financial Secretary a new tier has been introduced. (Refer to section 1.4 on pg. 9).

For purchases from \$30,000 to \$59,999 a minimum of 3 quotations are required instead of tender, but the purchase must be advertised, conflict of interest declarations made, the evaluation process must be robust and Tender Committee sign off is still required. Tender Secretariat authorisation to advertise is not required. (See section 3 Quotations 3.1.8 pg. 5 & 6)

For purchases over \$60,000 tender is required. (Section 1.4.1, pg. 9)

### 4. Authority Levels

The existing policy is unworkable in this area and feedback suggested that limits should be changed. The requirement for Cabinet authorisation has been removed, and the authorisation levels simplified with 2 tiers of authorisation. (Section 1.5, pg. 10)

- Below \$30,000 required HOM approval in accordance with the MFEM Act.
- Above \$30,000 requires HOM and Tender Committee approval.

### 5. Delegated Authority

This section (refer to section 1.6, pg. 10) has been clarified and brought into line with the CIG Public Service Manual. It requires Ministries to have a delegations list that clearly outlines any delegation of spending authority by the HOM, but takes away the requirement to have it attached to all purchases. HOMs cannot delegate authority to approve purchases of more than \$1,000 where less than 3 quotations are obtained.

### 6. Central Procurement and Variations

New sections for central procurement and variations to existing contracts have been written. (Section 1.10, pg. 12)

Variations to Contracts have been amended and now include a list of circumstances for which the TC may consider request for variations. A list of information that agencies should provide when requesting approval for variation has also been added. (Section 1.9, pg. 11)

### 7. Conflict of Interest

This section has been expanded to require both the agency responsible and persons representing bids to complete conflict of interest declarations. (Section 1.8, pg. 11)

Templates have also been created and will be available. (Template booklet will be published separately)

### 8. Fraud and Corruption

A new section has been written to more clearly define the ethical standards that are expected in the procurement process and to mandate the Tender Committee to decline any tender where practices are considered to be below the standard. (Section 1.11, pg. 12)

### 9. Expressions of Interest

This section now includes a clause that ministries may use an EOI as a process for creating a list of

reputable suppliers but method for selecting and evaluating must be approved by the Tender Committee. (Section 2.1, pg. 15)

#### 10. Tender Waiver

This section has been expanded to give the tender committee more flexibility in approving tender waivers where it makes sense to do so. (Section 4.2, pg. 16)

#### 11. Documentation and Templates

This policy has been rewritten to exclude templates from the policy but to refer to templates/guides/samples in a separately published by MFEM which may be amended from time to time (refer to section 1.2.3 of the policy). The objective here is to enable the procurement officer to more quickly and easily respond to changing template requirements with the approval of the tender committee rather than waiting for a full policy review.

A new '*contract for construction*' template has been developed in conjunction with Crown Law.

Additional templates and samples have also been created to help assist government agencies with procurement activities. Templates have been simplified to avoid duplication of work being done and to help ensure relevant information has been completed or provided to ensure compliance with the policy requirements.

#### 12. Mandatory Terms

This section has been revised by Crown Law Office (Section 12.1, pg. 11). Major changes include new clause (v) for publication of outcomes and clause (s) for tenderers requests for information under the Official Information Act 2009 which has also been reflected in a new section that has been added to the policy for the release of information under section 7 of the policy.

#### 13. Electronic Tender Submission

A new section has been written in regards to electronic tender submission which give more guidance on using electronic tender accounts for Tender processes. (Section 4.6, pg. 18)

#### 14. Tender and Evaluation Processes

The tender team and the tender evaluation team have been combined with flexibility to second additional resource for either part of the process. (Section 5.5, pg. 19)

The tender secretariat internal checklist has been rewritten as a self-evaluation template. This template must be completed before sending to the Tender Committee Secretariat and will streamline the process of approval of documentation for proceeding to tender. The long term objective is to eliminate this step altogether either in some or all Ministries. (Sec 5.8, pg. 20)

Specification requirements have been further developed following review of a number of tenders where specifications provided the opportunity for inconsistencies (and in some cases confusion) between tenders. (Section 5.6, pg. 19)

Auditors have been removed from being required to be present at all tender box openings as there was no clear reason for why they were needed to be present. (This is no longer under step 8 – Opening of Tender Proposals. See 2014 policy section 24.2 and 24.3 compared to 2016 policy section 5.10.3)

The tender secretariat has also been removed from being required to be present at tender box openings as a relevant public witness as it was recommended that the tender secretariat should not participate in the process when they are monitoring the whole process from the outside. (This is longer under step 8 – Opening of Tender Proposals. See 2014 policy section 24.2 and 24.3 compared to 2016

policy section 5.10.3)

An accountant and Lawyer have been included in the list of witnesses to be present during the tender box opening under section 5.10.3.

Existing tender opening procedures have been reviewed and amended to fit both manual and electronic tenders. A new section for e-tenders has been developed to enable Government to further develop e-tender and e-government procurement (E-GP) capability. (See section 4.6, section 5.8.5, and section 5.10)

A new section has been developed for Tender compliance to give evaluation teams the opportunity to review tender compliance before full evaluation of tenders. (Section 5.11.2)

A range of small amendments have been made in the tender evaluation, plus more clarification of the tender committee approved approach to evaluation of price and weighting assignment requirements. (Section 5.11)

The evaluation report has been altered to provide the basis for reporting to tender committee. Previously much of the report was duplicated in the Tender Secretariat report to the Tender Committee, and consequently the information reviewed by TC was often third hand. (Will be included in templates booklet, separately published)

#### 15. Sale of Goods

A new section for the Auction of Goods has been included. (Section 5.10)

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