

Due diligence during tender evaluation

Once your initial evaluation is complete, you'll probably need to do some level of due diligence in relation to your shortlisted suppliers or your preferred supplier.

Make sure you match the type of due diligence and the level of investigation to the nature of the contract, its value and the relative risks. For example, you'll need to undertake comprehensive due diligence for high-risk, high-value, complex or unique procurement activities, while simple, routine procurement activities might only need some basic checks and balances.

Pre-tender due diligence

Very occasionally, the buyer will ask for a pre-tender due diligence. In this case the supplier must perform its due diligence on the goods or services before it submits a tender. The process is designed to ensure that the tender price is firm (not conditional on further investigation or information that could arise later).

Top tips

Information technology (IT) systems

A high level of due diligence is recommended when procuring IT software development and systems. You'll find a good example in the Ministry of Health's Vendor Due Diligence checklist, available at www.procurement.govt.nz.

Site visits – what to watch for

If your due diligence involves site visits, make sure you manage your risks by:

- applying the same process to all site visits i.e. allocating the same time to each visit, inspecting the same products or services and asking the same questions
- organising and paying for your own travel and meals – hospitality is an integrity issue
- maintaining a record of each visit – who attended, who you spoke to and the answers you received
- making a formal note of your findings for each visit. These are part of the evaluation and must be recorded
- not letting the visit give the supplier the opportunity to enhance or add to its original tender.



For more information

- New Zealand Government: Quick-Guide: Conflicts of Interest – www.procurement.govt.nz
- State Services Commission: Standards of Integrity & Conduct – www.ssc.govt.nz
- Office of the Auditor-General: Managing Conflicts of Interest: Guidance for public entities – www.oag.govt.nz