



# PROCUREMENT POLICY

Adopted: 6 January 2017

TRIM: 333462.2016



## **1. PURPOSE/ OBJECTIVES**

- 1.1 Liverpool City Council (Council) is publicly accountable for the use of its funds and takes seriously the responsibility to ensure that its processes for procurement and purchasing operate effectively and efficiently in the pursuit of value for money whilst ensuring due regard for transparency, probity and accountability.
- 1.2 This policy details the structure guiding Council's procurement activities and provides frameworks in which Council are to consider and conduct procurement decisions that are appropriately documented. In addition the policy seeks to mitigate risk and enhance Council's reputation and to provide protection from complaints, legal action and liabilities by supporting the fair and equitable treatment of all potential suppliers to the Council.
- 1.3 This policy encourages Council to monitor and evaluate performance in this area to maximise the use of resources and that its provisions are consistent with relevant legislative obligations. This policy framework consists of two components: this policy document and the accompanying Procurement Standards document. To be compliant with the policy framework, compliance with both the policy document and the Procurement Standards is required.

## **2. LEGISLATIVE REQUIREMENTS**

*Local Government Act 1993*  
*Local Government (General) Regulation 2005*  
*Government Information (Public Access) Act 2009*

## **3. POLICY STATEMENT**

### **3.1 Overview**

- 3.1.1 Council is committed to providing guidance to Council officers for the procurement of goods and services ensuring legislative compliance, best value for money, transparency in the tendering process, fair and ethical dealings with tenderers and maintaining probity.
- 3.1.2 In addition to this policy, the Procurement Standards provide clear procedures on how to undertake procurement activities within the Council, in accordance with best practice standards.
- 3.1.3 To comply with this policy framework, procurement activities within the Council must comply with this policy and the Procurement Standards.

### **3.2 Scope**

- 3.2.1 This policy applies to all members of Council staff, including Councillors and all consultants, contractors, or temporary or casual employees of Council, who are involved in any Council procurement process.
- 3.2.2 This policy applies to all procurement and contracting activities undertaken by Council, including, but not limited to, the following methods:
- a) Authority to pay;
  - b) Council purchasing cards;
  - c) Expressions of interest;
  - d) Formal quotations;
  - e) Informal quotations;
  - f) Petty cash;
  - g) Purchasing from an accredited source;
  - h) Single sourcing;
  - i) Tendering.

### **3.3 Responsible Person**

- 3.3.1 The Chief Financial Officer will oversee the implementation of this policy.

### **3.4 Council's procurement objectives**

Council's procurement objectives include:

#### ***3.4.1 Achieving value for money***

Value for Money (VFM) is defined as the best possible outcome for the total cost of ownership over whole of life. VFM does not necessarily mean selecting the lowest value or price; rather, the right combination of quality, quantity and price at the right place and time, and where possible, having considered sustainability.

The value for money assessment includes the:

- a) Cost-related factors including whole-of-life costs and transaction costs (amongst others) associated with the acquisition, maintenance and disposal;
- b) Non-cost factors such as fitness for purpose, innovation, quality, risk profile, service, support, work health and safety (WHS), community, environment and sustainability requirements;
- c) Contribution to the advancement of Council priorities, especially those set out in Council's current Community Strategic Plan and Delivery Program.

#### ***3.4.2 Ensuring probity and accountability for procurement outcomes***

Council seeks to conduct its procurement activities in a transparent manner which demonstrates probity and accountability. Procurement activities involving members of Council staff must be:

- a) Performed ethically, transparently and with fairness to all participants;
- b) Carried out in accordance with the applicable legislation, guidelines, codes, policies and procedures;
- c) Undertaken by members of Council staff who have the appropriate authority and delegations and are trained to perform their assigned procurement role;
- d) Be conducted on a “commercial-in-confidence” basis.

### **3.4.3 Ensuring fair and ethical dealings**

All procurement-related activities must be conducted honestly, transparently and in a manner that is fair and equitable to all parties. Therefore, procurement activities must:

- a) Be undertaken with consistent and appropriate documentation and processes to ensure equitable treatment throughout the process;
- b) Be free from any conflict of interest that may result in any unfavourable, favourable or preferential treatment;
- c) Ensure impartiality throughout the process.

## **3.5 Financial Management**

3.5.1 The principle of responsible financial management is to be applied to all procurement activities. Council funds must be used efficiently and effectively to procure goods, services and works and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this policy.

3.5.2 Prior to the commencement of a procurement process, budget and available funds must be confirmed.

## **3.6 Delegations**

3.6.1 All procurement activities must be approved by a member of Council staff with the appropriate financial delegation and be in accordance with their instrument of delegation.

3.6.2 All members of Council staff engaged in procurement must:

- a) Have a copy of their delegation;
- b) Ensure that they understand the scope of their delegation including the financial limitations set out in their delegation instrument;
- c) Not take action outside the scope of the delegated authority to their position.

### **3.7 Corporate Purchasing Cards**

- 3.7.1 The Financial Services business unit is responsible for implementation, control and procedures for purchasing cards through the Council's Corporate Purchase Card Procedure.
- 3.7.2 Corporate purchasing cards will be issued, administered and managed in accordance with the Council's Corporate Purchase Card Procedure.

### **3.8 Record Keeping**

- 3.8.1 It is important to keep accurate records to demonstrate a transparent and equitable process demonstrating probity considerations have been applied.
- 3.8.2 Procurement records can be requested by external authorities or be the subject of a request for information under the *Government Information (Public Access) Act 2009*.
- 3.8.3 Accurate record keeping can assist Council to provide feedback to offerors and can assist to effectively manage disputes and/ or breaches.
- 3.8.4 Records for procurement activities must be kept and recorded in TRIM, Council's record management system in accordance with Council's Records Management Policy.

### **3.8 Prohibition of gifts and benefits**

- 3.8.1 Under no circumstances, must any member of Council staff ~~Council official~~ dealing with procurement accept any gift or benefit from a supplier, contractor, their agents or employees. All offers of gifts and benefits must be declared in accordance with Council's Ethical Governance: Gifts and Benefits Policy.

### **3.9 Conflicts of Interest**

- 3.9.1 A conflict of interests exists where a reasonable and informed person would perceive that a member of Council staff could be influenced by a private interest when carrying out their public duty. Members of Council staff involved in the procurement process must avoid any conflict of interest.
- 3.9.2 Any conflict of interest, whether pecuniary or non-pecuniary, involving a member of Council staff, their spouse, relative, partner, friend or business associate must be declared and must be dealt with in accordance with Council's Code of Conduct and Council's Ethical Governance: Conflicts of Interest Policy.

### **3.10 Confidentiality**

- 3.10.1 When undertaking a procurement process, Members of Council staff will have access to confidential information in order to fulfil their roles and responsibilities. Members of Council staff must take all reasonable steps to ensure that all

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information in relation to the procurement process remains confidential, except that which is in the public domain. This includes the content of offers, any supporting information provided by Council or third parties and the outcomes of the evaluation.

### **3.11 Breaches of this policy**

3.11.1 A breach of this policy by any member of Council staff will be dealt with in accordance with any relevant staff agreements, awards, industrial agreements, contracts and Council policies, including the Code of Conduct and Code of Conduct Procedures.

3.11.2 If the matter tends to show or shows maladministration, corrupt conduct, serious and substantial waste, government information contravention or criminal activity, it will be referred by the Chief Executive Officer to the appropriate investigative agency.

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### **AUTHORISED BY**

Council (Chief Executive Officer)

### **EFFECTIVE FROM**

6 January 2017

### **DIRECTORATE RESPONSIBLE**

Corporate Services (Governance and Legal and Procurement)

### **REVIEW DATE**

6 January 2019

### **VERSIONS**

<b>Version</b>	<b>Amended by</b>	<b>Changes made</b>	<b>Date</b>	<b>TRIM Number</b>
1	Council (Chief Executive Officer)	Original adoption	2 October 2013	229935.2013
2	Council (Chief Executive Officer)	Minor changes	3 March 2015	053017.2015
3	Council (Chief Executive Officer)	Minor changes	6 January 2017	333462.2016

### **REFERENCES**

Liverpool City Council: Code of Conduct

Liverpool City Council: Code of Conduct Procedures

Liverpool City Council: Corporate Purchase Card Procedure

Liverpool City Council: Ethical Governance: Conflicts of Interest Policy

Liverpool City Council: Ethical Governance: Gifts and Benefits Policy

Liverpool City Council: Procurement Standards

Liverpool City Council: Records Management Policy