



# PROCUREMENT POLICY

Adopted: 20 November 2019

TRIM: 333462.2016-009



## 1. PURPOSE/ OBJECTIVES

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.

This Procurement policy (**Policy**) details the structure guiding Council's Procurement processes and activities and provides frameworks in which Council is 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 Council.

This Policy framework consists of two components: this Policy document and the associated Procurement Standards document (**Standards**).

To be compliant with the Policy framework, compliance with both this Policy and the Procurement Standards are required.

Nothing in this Policy document or the associated Procurement Standards is intended to conflict with the legislative requirements applicable to Council.

## 2. LEGISLATIVE REQUIREMENTS

*Local Government Act 1993 (NSW) (Act)*

*Local Government (General) Regulation 2005 (NSW) (Regulation)*

*Government Information (Public Access) Act 2009 (NSW) (GIPA)*

The Act and Regulation is supported by the *Tendering Guidelines for NSW Local Government* published by the now-Office of Local Government.

## 3. POLICY STATEMENT

### 3.1 OVERVIEW

Council is committed to providing guidance to members of Council staff for the Procurement of goods and services, ensuring:

- a. legislative compliance;
- b. best value for money;
- c. transparency in the tendering process;
- d. fair and ethical dealings with tenderers;
- e. appropriate probity.

In addition to this Policy, Council's Procurement Standards (**Standards**) provide clear procedures on how to undertake Procurement processes and activities within Council, in accordance with best practice standards.

## PROCUREMENT POLICY

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 Application of Policy**

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 of Council's Procurement processes and activities, not only those staff members with financial delegation limits.

#### **3.2.2 Methods of Procurement**

This Policy applies to all Procurement and contracting activities and processes undertaken by Council, including, but not limited to, the following methods:

- (a) Authority to Pay;
- (b) Council purchasing cards;
- (c) Expressions of Interest;
- (d) Invitations to Quote;
- (e) Formal Quotations;
- (f) Informal Quotations;
- (g) Petty Cash;
- (h) Purchasing from an accredited source;
- (i) Single sourcing; and
- (j) Tendering.

### **3.3 RESPONSIBLE PERSON**

The delegated officer responsible for overseeing the Procurement unit will oversee the implementation of this Policy in consultation with their immediate manager/supervisor.

### **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, but rather, the right combination of quality, quantity and price at the right place and time, and where possible, having considered sustainability, local content and social/ethical considerations

Council shall aim to achieve VFM using a combination of factors when assessing quotations and tenders as follows:

- (a) Mandatory criteria which includes insurances, accreditations, qualifications and licenses;
- (b) Cost-related factors including whole-of-life costs and transaction costs (amongst others) associated with the acquisition, maintenance and disposal;
- (c) Non-cost factors such as capability, experience, specifications, service, support, fit for purpose, innovation, quality, risk profile, service, support, work health and safety (WHS), community, environment, sustainability and physical requirements; and
- (d) Contribution to the advancement of Council priorities, especially those set out in Council's current Community Strategic Plan and Delivery Program and including local content, social and ethical considerations.

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

Council seeks to conduct its Procurement processes and activities in a transparent manner which demonstrates probity and accountability. Procurement processes and 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; and
- (d) be conducted on a "commercial-in-confidence" basis.

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

All Procurement-related processes and activities must be conducted honestly, transparently and in a manner that is fair and equitable to all parties. Therefore, Procurement processes and 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; and
- (d) not seek or result in the receipt of, personal gain.

## **3.5 SUSTAINABLE AND SOCIAL PROCUREMENT**

### **3.5.1 Commitment to sustainable and social procurement**

Council is committed to taking positive action to minimise the negative impact of the products and services procured and maximising the benefits. This includes minimising unnecessary purchasing and purchasing goods and services that contribute to a more sustainable future that is ethical and supportive of fair trade.

Council is also committed to embedding processes within its Procurement framework that encourage suppliers to be proactive in engaging members of disadvantaged communities and demographics in the supply chain. Council is particularly committed to promoting the involvement in the supply chain of persons of Aboriginal or Torres Strait Islander descent, as well as promoting broader racial, gender, sexual orientation and religious diversity outcomes.

### **3.5.2 Achieving Sustainable and Social Procurement**

Sustainable and social Procurement is conducted through (where reasonably practicable and appropriate in the circumstances):

- (a) applying sustainability and social responsibility evaluation criteria in formal quotations and tenders;
- (b) minimising unnecessary purchasing by only purchasing when a product or service is necessary;
- (c) considering the environmental performance of all suppliers and contractors and encouraging them to conduct their operations in an environmentally sensitive manner;

## PROCUREMENT POLICY

- (d) selecting products/services where possible, that have minimal effect on the depletion of natural resources and biodiversity e.g. purchasing products that save energy and/or water;
- (e) avoiding purchasing products that pollute soils, air or waterways, or hazardous chemicals;
- (f) choosing environmental preferred “green” or recycled products and services and purchasing products that reduce greenhouse emissions;
- (g) purchasing ethically sourced and fair trade goods and services where appropriate;
- (h) exploring opportunities to engage with social enterprises for the Procurement of goods or services which support reinvigorating.

### **3.6 LOCAL PREFERENCE**

#### **3.6.1 Commitment to local content**

Council is committed to promoting high-value local business content within its supply chain.

To this end, and in cases where evaluation demonstrates the capacity for local business to deliver a competitive supply, Council will take proactive steps to provide opportunities for local businesses and suppliers to overcome a narrow deficit over a non-local supplier.

#### **3.6.2 Achieving increased local content**

Council aims to secure increased local content in its supply chain by:

- (a) Defining local suppliers within the Standards;
- (b) Setting out a weighted allowance for local content within the Standards;
- (c) Establishing a process for applying this weighted allowance within the procurement evaluation process; and
- (d) Establishing circumstances when this weighted allowance will change an outcome in favour of a local supplier.

### **3.7 FINANCIAL MANAGEMENT**

#### **3.7.1 Responsible Financial Management**

The principles of responsible financial management are 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.

#### **3.7.2 Confirmation of Budget**

Prior to the commencement of a Procurement process or activity, budget and available funds must be confirmed by the Chief Financial Officer and responsible budget manager.

### **3.8 DELEGATIONS**

#### **3.8.1 Appropriate Financial Delegation**

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

#### **3.8.2 Obligations in relation to Delegations**

All members of Council staff engaged in Procurement activities must:

- (a) have a copy of their current delegation;
- (b) ensure that they understand the scope of their delegation including the financial limitations set out in their delegation instrument; and
- (c) not take action outside the scope of the delegated authority to their position.

### **3.9 CORPORATE PURCHASING CARDS**

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

### **3.10 RECORD KEEPING**

- (a) It is important to keep accurate records to demonstrate a transparent and equitable process demonstrating probity considerations have been applied.
- (b) Procurement records can be requested by external authorities or be the subject of a request for information under the GIPA legislation.
- (c) Accurate record keeping can assist Council to provide feedback to offerors and can assist to effectively manage disputes and/ or breaches.
- (d) Records for Procurement activities must be kept and recorded in Council's record management system (currently TRIM) in accordance with Council's Records Management Policy.

### **3.11 PROHIBITION OF GIFTS AND BENEFITS**

Under no circumstances, must any member of Council staff 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.

### **3.12 CONFLICTS OF INTEREST**

- (a) A conflict of interest 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 do all things reasonable to avoid any conflict of interest.
- (b) Any conflict of interest (arising out of a Procurement process), whether pecuniary or non-pecuniary, involving a member of Council staff, their spouse, relative, partner, friend or business associate must be disclosed to the Procurement convenor as soon as the officer becomes aware of the conflict, and must further be declared in writing and managed in accordance with Council's Code of Conduct and Council's Ethical Governance: Conflicts of Interest Policy.

### **3.13 CONFIDENTIALITY**

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



**3.14 BREACHES OF THIS POLICY**

- (a) 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.
- (b) 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.

## PROCUREMENT POLICY

### **AUTHORISED BY**

Council (Chief Executive Officer)

### **EFFECTIVE FROM**

20 November 2019

### **DIRECTORATE RESPONSIBLE**

Corporate Services (Governance, Legal Services 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
4	Council (Chief Executive Officer)	Minor changes	20 November 2019	333462.2016-008

### **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