

Council Policy

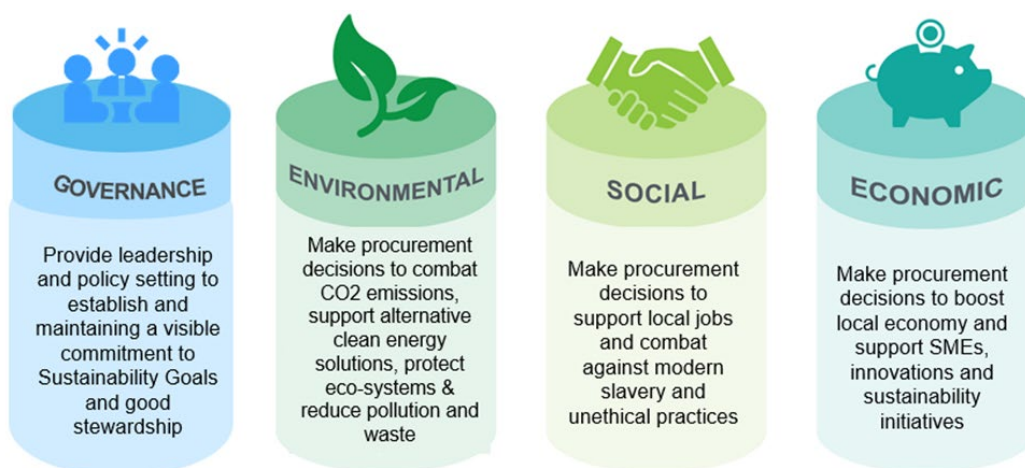
Procurement and Contracts

Policy Statement

This policy provides the framework for Northern Beaches Council to achieve value for money from its procurement whilst being fair, ethical, transparent and sustainable.

It provides an overview of the principles that must be followed by all Council Officers and representatives when undertaking the procurement of goods, services and works and in managing associated contracts.

The policy provides governance to support the delivery of Council's Community Strategic Plan, embracing our responsibility for sustainable procurement to contribute to ensuring the environmental, social, and economic sustainability of our community at a local and broader level.



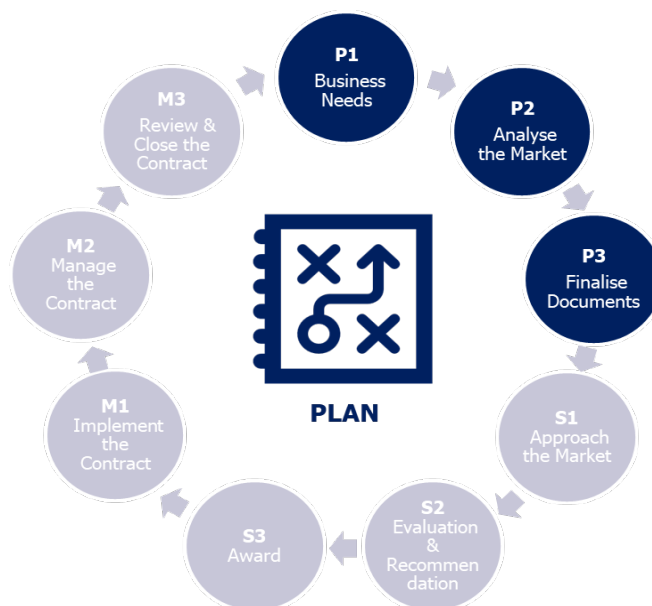
Principles

The following principles will apply to all procurement activities:

A Robust Procurement Framework

Application of Council's Procurement and Contract Management Framework and use of the supporting templates will ensure best practice and compliance with legislative requirements and Council officers **MUST** work within the framework. This, in turn, will provide the best chance of reaching a successful procurement outcome, achieve value for money, mitigate risks and establish appropriate contract management standards.

The Framework uses the *Plan, Source, Manage* approach to provide a structured guide to processes at each stage of the procurement. The Plan and Manage stages are as critical as Sourcing in creating and delivering value, and appropriate time and resources should be allocated to these activities.



Processes and guidance are balanced with the risk and value of projects, procurements, and contracts. Complex projects with a high risk and high value, require careful planning and stringent peer review of documentation prior to any approach to the market. Conversely, for low risk, low value simple procurement requirements, there is greater flexibility to minimise indirect administrative costs and improve efficiency.

Value for Money

Obtaining value for money in delivering the best outcomes for our community is the overarching requirement for procurement at the Northern Beaches Council. Value for money is not necessarily the lowest price; it includes consideration of many factors including quality, performance history, whole of life costing - including the cost of environmentally responsible disposal at end of life, timely delivery, risk and WHS requirements.

Probity

Procurement processes are established to ensure that suppliers are provided equal opportunity to contract with Council in the provision of works, goods and services.

Council procurement involves the expenditure of public funds for community benefit and is governed by strict considerations of probity, transparency and accountability to ensure that the decision-making processes withstands public scrutiny. All staff **MUST** adhere to high standards of probity, uphold high standards of integrity and fairness and undertake their duties in accordance with Council's Statement of Business Ethics and Code of Conduct. All conflicts of interest **MUST** be declared and recorded.

Council officers **MUST** maintain the integrity and security of confidential information in their possession, or for which they are responsible. In addition to general obligations relating to the use of Council information, Council officers **MUST** only access confidential information that they have been authorised to access and only do so for the purposes of exercising official functions and only release confidential information authorised to do so. Refer to the Council's Code of Conduct for further information.

Accountability

Council is committed to ensuring accountability and transparency in its procurement activities. Accountability means that Council officers are responsible for the actions and decisions that they take in relation to procurement and for the resulting outcomes. Council officers **MUST** be able to demonstrate, in a manner that can withstand scrutiny, the basis of all decisions.

Compliance

Council has a legislative requirement under the *Local Government Act 1993* (NSW) (the Act) to tender for works, goods and services where expenditure for the life of the contract is: greater than \$250,000 (including GST) or \$150,000 (including GST) where those services are, at the time of entering the contract, being provided by employees of Council or \$500,000 (including GST) in a declared emergency situation. Procurement is also undertaken in accordance with the Tendering Guidelines for NSW Local Government.

Risk Analysis and Management

Risk analysis and management is essential to ensure that procurement processes and resultant contracts are successful. By adopting a 'what-if' mind-set it allows for the identification and assessment of the risks and allocation of relevant resources to monitor, control and minimise or overcome the impact. Consideration of risk should be managed in accordance with Council's Enterprise Risk and Opportunity Management Framework.

Record Keeping

Complete records provide evidence of actions and decisions and represent a vital asset to support Council's daily functions and operations. Council officers MUST ensure appropriate documents and records are maintained for all procurement activities.

Environmental Sustainability

Council's procurement activities will enhance both our corporate and overall community's environmental, social and economic performance, helping to increase the resilience of our community and our natural and built environments to adapt to the impacts of climate change. They will support the delivery of adopted targets and actions in Council's relevant sustainability strategies and action plans including the Environment and Climate Change Strategy.

We will pursue innovative partnerships in delivering best practice and leadership in sustainable procurement and align our processes to the international standard ISO 20400 Sustainable Procurement. Sustainability risks and opportunities will be considered throughout the entire lifecycle of goods, services and works procured through the delivery of Council's services, including, across our supply chains.

Council staff undertaking procurement activities will:

- Collaborate with key stakeholders to support innovation and stimulate demand for sustainable goods, services and works.
- Work with suppliers to enhance their capability to address/mitigate sustainability risks in the supply chain.
- Prioritise products and materials to support the circular economy that:
 - are designed to be kept in use for as long as possible to avoid unnecessary purchasing
 - can be, in order of preference, reused, repaired, or recycled at the end of each service life
 - have previously been, in order of preference, used or repaired, or contain recycled material content (preferably from Australia)
 - have no or minimal packaging, or where this is not possible, packaging that contains a high percentage of recycled material
 - avoid the use of single use plastics wherever possible
- Prioritise products, services and works that:
 - conserve energy and water
 - minimise or avoid pollution, including greenhouse gas emissions
 - have low or no toxicity to human health and ecosystems

- avoid impacts on biodiversity and habitats
- where appropriate consider climate change risks in their design or delivery
- Monitor purchased products and services to ensure that the sustainability goals are met
- Consider the potential impacts of climate change risk and how the procured item may minimise these risks whilst enhancing corporate and community resilience

Modern Slavery and Ethical Sourcing

Council is committed to ethical sourcing, fair trade practices and to and to consider, identify and manage modern slavery risks within its supply chain. Ethical sourcing means sourcing products in a responsible and sustainable way, from organisations who treat workers fairly and equally, while minimising their impact on the wider environment and society. Application of Council's Modern Slavery Framework and support by all staff of the steps being taken will ensure compliance with the Modern Slavery Act 2018 (NSW).

The Modern Slavery Framework adopts a risk-based approach. Certain expenditure categories, products and country of origin, as identified by the Global Slavery Index, have higher modern slavery risks and as such will have more stringent controls applied.

Social Sustainability and Local Supplier Engagement

Council commits to assisting local businesses in working with Council and will ensure that its processes are transparent and do not disadvantage them. Certain circumstances may present opportunities to generate social value through the procurement processes, these opportunities will be pursued where applicable to generate positive outcomes and benefits for the people and communities that Council serves. This will include giving appropriate consideration to organisations and suppliers that are Local, First Nations suppliers, Disability Enterprises or Social Enterprises.

Expenditure Thresholds

Financial thresholds define the procurement processes for different levels of expenditure. Processes to be followed for values below the \$250,000 tender threshold prescribed in the Act are detailed in operational guidelines and the Procurement Manual.

Financial Delegations define the levels of authority that specified staff have to approve contracts and payments. Prior to the commencement of any procurement process:

- a) Funds must exist within an approved budget; and
- b) The appropriate financial delegate must be aware of and support the procurement.

Purchase Orders

Suppliers MUST not be engaged without first being issued with a valid Purchase Order. Purchase Orders are required to be in place prior to receipt of an invoice for payment, except in exceptional circumstances if approved by a manager with appropriate delegation. Invoices issued by Contracted Suppliers must have a valid Council Purchase Order reference number that is referenced on their invoice, or it may not be paid.

Emergencies

From time-to-time there may be a need to purchase goods or services due to an emergency requiring urgent action whereby the requirements of this Policy cannot be applied. Procurement activities required to manage emergency incidents are also exempt from the tendering requirements of the Local Government Act.

An emergency incident is any event that:

- significantly threatens the commercial position or operability of Northern Beaches Council; and/or
- endangers, or threatens to endanger, the safety or health of persons or animals within the Northern Beaches LGA, and/or

- destroys or damages, or threatens to destroy or damage, property or the environment within the Northern Beaches LGA.

The exemptions only apply in cases of genuine emergency and not to remedy poor planning. Authorisation for emergency procurement **MUST** only be given under appropriate financial delegation.

Breach of Policy

Failure to comply with the policy may result in disciplinary or legal action. The Independent Commission Against Corruption (ICAC) has been established to protect the public interest, prevent breaches of public trust and guide the conduct of public officials. Council has an obligation to report serious matters to the ICAC and/or Police which potentially could result in civil or criminal proceedings.

The word 'MUST' is used throughout this Policy to describe key principles against which Council may be audited and non-compliance identified.

Scope & Application

This policy applies to all employees, agents and officers of Northern Beaches Council, along with all Councillors.

The Policy commences from when Council has identified a need for procurement and continues through to the award, delivery, management and closing of the contract.

References and related documents

- Section 55 Local Government Act 1993 (NSW)
- Part 7 Local Government (General) Regulation 2021 (NSW)
- DLG Tendering Guidelines for NSW Local Government
- Northern Beaches Council Procurement and Contract Management Framework
- Northern Beaches Council Code of Conduct
- Northern Beaches Council Statement of Business Ethics
- Modern Slavery Act 2018 (NSW)
- Northern Beaches Council Modern Slavery Framework
- Northern Beaches Council Modern Slavery Statement 2022
- Northern Beaches Council Environment and Climate Change Strategy 2040
- Northern Beaches Council Social Sustainability Strategy 2040
- Northern Beaches Council Enterprise Risk and Opportunity Management Framework 2020
- ISO 20400 – Sustainable Procurement

Definitions

The Act: Section 55 Local Government Act 1993 (NSW)

Regulations: Part 7 Local Government (General) Regulation 2021 (NSW)

Probity: Ethical behaviour that upholds the values of honesty and integrity and ensures impartiality, accountability and transparency

Procurement: the overarching business function of acquiring goods and services; the end-to-end process of identification, sourcing, market engagement, evaluation, contract award, contract management and review.

Goods and Services: where Goods and Services are referred to in this policy, it is also applicable for Works, Consultancies and Lease agreements.

Modern Slavery: includes any conduct constituting a modern slavery offence and any conduct involving the use of any form of slavery, servitude or forced labour to exploit children or other persons taking place in the supply chains of organisations.

Sustainable Procurement: Procurement that has the most positive environmental, social and economic impacts possible over the entire lifecycle.

Responsible Officer

Manager Procurement

Review Date

December 2026

Revision History

Revision	Date	Change	TRIM Ref
1	25/07/2017	Policy adopted by Council with no changes following exhibition	2017/124289
2	16/01/2020	Policy edited to update the tender threshold from \$150,000 to \$250,000 following legislative change	2020/029016
3	13/12/2022	Policy review including edits to include Modern Slavery and Sustainability requirements and to align terminology with the NSW Standard Procurement Framework (developed by ArcBlue). Revised Policy adopted by Council	2022/375175