

1. PURPOSE

The purpose of this Policy is to provide policy and guidance to the Council and employees to allow consistency and control over Procurement activities and demonstrate accountability to the community in relation to procurement activities.

By the adoption of this Policy, Council's procurement activities will support Council's corporate strategies provide opportunities to use the community's money wisely and to deliver much needed goods and services in an environmentally, socially and sustainable way.

2. POLICY INTENT

This Sustainable Procurement Policy defines the framework for Council's procurement functions relating to the acquisition and use of goods and services. The principal aim of this policy is to provide optimal value to the community in council's procurement activities.

In addition to achieving value in all procurement activities, the main objectives of this policy are to:

1. Acknowledge that procurement is a function that is high risk in terms of corruption and therefore it is subject to strict oversight and defined process.
2. Ensure that a long-term strategic view of procurement needs is taken while continually assessing, reviewing and auditing procedures, strategy and objectives in a robust and transparent manner.
3. Provide a procurement function that manages risk and provides for the safety of Council officers, business partners and the community.
4. Provide clarity of accountabilities and guidance for officers engaged in purchasing, use of purchase cards, tendering and quotations, contract management, payments and asset disposal relating to the acquisition and use of goods and services.
5. Ensure that all business dealings are conducted in an open and transparent manner, meeting the highest ethical standards whilst delivering value to the community.
6. Ensure that procurement decisions consider the sustainability of the environment and local economy.

All officers involved in procurement activities must be aware of, and comply with this policy, and must be able to demonstrate through training or certification that they can address all the principles within the policy and associated procedures that support it.

This policy does not apply to the procurement or lease of land and property by Council.

3. WOLLONGONG 2028 Objectives

Procurement is a fundamental supporting element of all Council activities and as such it supports all six of our interconnected Community Goals outlined in Wollongong 2028, which are shown below:

1. We value and protect our environment
2. We have an innovative and sustainable economy
3. We have a creative, vibrant city
4. We are a connected and engaged community
5. We have a healthy community in a liveable city
6. We have affordable and accessible transport

4. POLICY

4.1 Responsible Financial Management and Value for Money

The availability of existing funds within an approved budget, or source of funds, shall be established prior to the commencement of any procurement process. Council officers must not authorise the expenditure of funds in excess of their financial delegations or available budget.

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.

Achieving value for money underpins responsible financial management and is an important element in Council's procurement framework. Council will achieve value for money by balancing the following:

- Relevant non-cost factors including quality, fitness for purpose, capacity and capability of service provider, timeliness, environmental, sustainability and social factors and any non-cost risks.
- All relevant cost factors such as whole of life costs from acquisition to disposal and any cost related risks.

The Procurement Procedures will provide guidance to staff on defining value for money and identifying benefits, costs and risks when determining value for money based on the guidance Statement on Value for Money produced by the NSW Procurement.

4.2 Ethical Principles

Council procurement processes shall be conducted in a fair, honest and open manner, with the highest levels of probity and integrity and in the public interest, with all suppliers / tenderers being treated fairly and having access to the same opportunities and information. There must be no improper advantage and all processes must withstand public and internal audit scrutiny. Council officials with an actual, perceived or a potential conflict of interest must declare and manage that interest without delay. Failure to do so may result in disciplinary action.

Suppliers will be eliminated from any procurement process if found to be lobbying Councillors or staff during the procurement process.

Except under exceptional circumstances, Council will not extend contracts with suppliers unnecessarily, and will ensure that regular periodic competitive quotation and tender processes occur to allow regular testing of the value Council is achieving.

4.3 Risk Management

Risk Management is to be appropriately applied at all stages of procurement activities which will be properly planned and carried out in a manner that will protect and enhance the Councils capability to prevent, withstand and recover from interruption to the supply of goods, services and works.

The provision of goods, services and works by contract potentially exposes the Council to risk. Procurement procedures will incorporate measures and controls to minimise Councils exposure to this risk.

4.4 Sustainable Procurement

Council supports sustainable work practices and minimal environmental impact in all procurement activities and appropriate evaluation criteria shall be implemented in all procurements that will allow suppliers to demonstrate their commitment to the environment.

Staff should consider the entire life cycle of a product i.e. the production, distribution, usage and end of life stages, when determining the sustainability component of the overall value of any procurement as outlined in section 4.1, and be guided by:

- Elimination of unnecessary inefficiency, waste and expenditure
- Opportunities to utilise the combined purchasing power of local government
- Increase utilisation of quality sustainable products
- Play a leadership role in advancing long term social and environmental sustainability.
- Support local businesses and organisations

4.5 Social Procurement

Council will aim to generate positive social outcomes when acquiring goods, services and works. Staff shall consider the following when determining the social value component of the overall value of any procurement as outlined in section 4.1:

- **Employment & Training** – Create opportunities for inclusion of people who have been excluded from the workforce.
- **Diversity, Equality & Social Inclusion of Disadvantaged Communities** – ensuring that all businesses have fair and equal access to procurement opportunities to build a supplier base that reflects the diversity of the community & that supplier diversity can generate social inclusion benefits, including employment and training opportunities for the most disadvantaged members of society, including youth, long-term unemployed, older people, Aboriginal and Torres Strait Islander community, and refugees and migrants.
- **Fair trade** – ensuring that supply chains are adhering to fair trade practices to support equitable local, national and international trade.
- **Accessibility Requirements** – Australian Disability Enterprises (ADEs) shall be considered when making procurement decisions for goods and services.
- **Local Economic Development** - Local companies and contractors– including small to medium enterprises and social benefit suppliers shall not be disadvantaged or excluded from procurement processes.

4.6 Improving Local Economic Capacity

Local companies and contractors– including small to medium enterprises and social benefit suppliers shall not be disadvantaged or excluded from procurement processes.

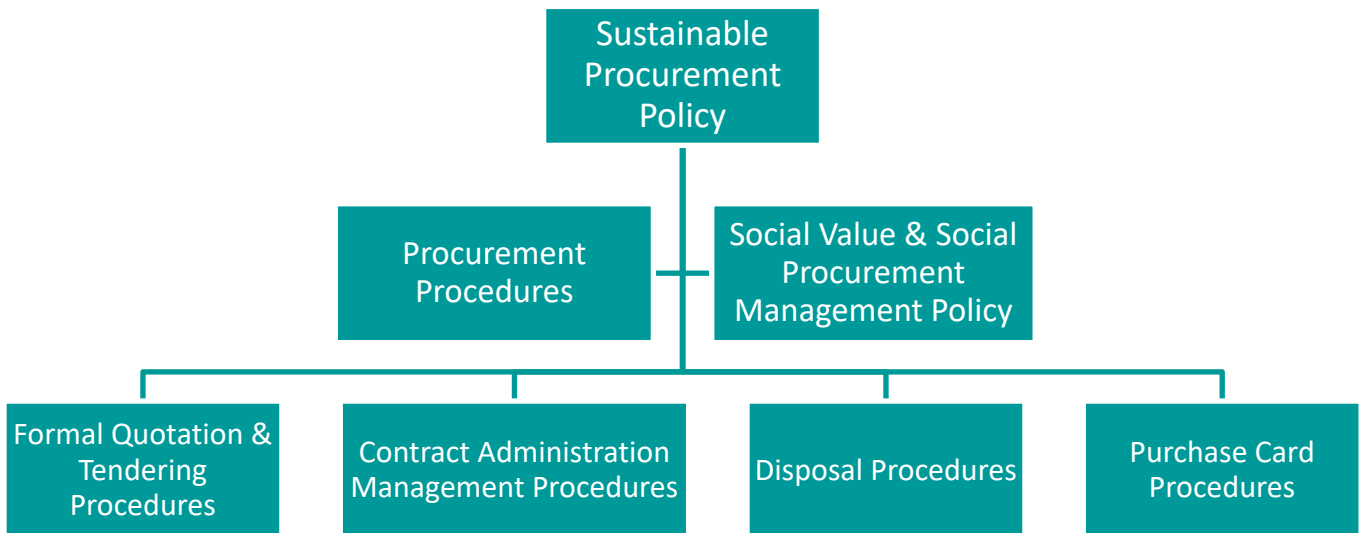
Council will endeavour to strengthen local economic capacity through its procurement activities. Procurement Procedures shall include a mandatory scoring criterion that assists local firms obtain business with Council and shall be implemented as follows:

- *Quotations* - Council will give preference to a local supplier if the assessment of all selection criteria is equal;
- *Formal Quotations and Tenders* – A criterion weighted at 10% for strengthening of local economic capacity shall be included in all assessments (definitions will be included in the documents).

4.7 Procurement Thresholds and Methodology

Council will implement Procurement Procedures and Formal Quotation and Tendering Procedures and other general Procurement Procedures detailed below, that will outline the relevant method of procurement and methodology to follow based on the estimated value of the supply, service or contract.

All purchasing procedures that are established are to align with procurement policies and guidelines issued by the Independent Commission Against Corruption, Office of Local Government and any other relevant oversight agency.



5. REPORTING

Procurement and purchasing processes shall be subject to audit / review on a timeframe to be determined by Council's Audit, Risk and Improvement Committee based on a risk-based Audit Program.

Scheduled and ad-hoc exception reporting will be undertaken to enable monitoring of procurement activity and associated compliance with this policy.

6. ROLES AND RESPONSIBILITIES

The Supply Chain and Logistics Manager will be the Responsible Officer for the Policy and will coordinate the following functions in relation to the Policy:

- Maintaining appropriate records relating to the Procurement Framework and its application
- Reporting – including supplier and category spend analysis
- Keeping the policy current, and undertaking regular reviews of both the policy and associated procedures
- Train and educate relevant employees with respect to policy and procedures and ensure documents, tools, templates and user guides are current and readily available.
- Provision of advice and ensuring adherence with the Policy

6.1 Council

In accordance with the *Local Government Act, 1993*, the Council is responsible for accepting or declining tenders. Council may delegate to the General Manager the authority to accept tenders in certain circumstances.

6.2 General Manager

If delegated the authority by Council, the General Manager has the authority to accept but not decline tenders. The General Manager is responsible for the authorisation of delegations to employees for the acquisition of goods and/or services to the value specified.

6.3 Divisional Managers

Divisional Managers are responsible for ensuring their Division adheres to the requirements of this policy and provide guidance in respect of the strategic procurement goals of the division and organisation.

Divisional Managers should ensure that procurement spend is within Divisional budget and review purchasing reports for compliance with policy and unusual transactions. Divisional managers are responsible for ensuring their teams keep adequate records on procurements they undertake.

6.4 Staff

Staff shall adhere to the requirements of this policy and be able to demonstrate through training or certification that they can address all the principles within the policy and procedures that support it. Staff must also operate within the authorities of any financial or procurement delegations granted to them by the General Manager.

7. RELATED POLICIES AND PROCEDURES

Code of Business Ethics
 Code of Conduct
 Delegated Authority Limits for Purchasing
 Formal Quotation and Tendering Procedures
 Procurement Procedures
 Social Value and Social Procurement Policy

APPROVAL AND REVIEW		
Responsible Division	Governance and Customer Service	
Date/s adopted	<i>Executive Management Committee</i> N/A	<i>Council</i> 29 June 2020
Date/s of previous adoptions	8 September, 2014	
Date of next review	June 2022	