



Auckland Council Group Procurement Policy

1. Purpose

Auckland Council is a significant procurer of goods and services is ultimately accountable to the ratepayers of Auckland. The purpose of this policy is to ensure that a consistent procurement practice is applied across all council group procurement activities in alignment with Auckland Plan outcomes and to achieve best value for money.

2. Scope

This policy applies to all procurement activity undertaken by, or on behalf of, Auckland Council. It also applies to the Auckland Council group including all the Council Controlled Organisations (CCOs) with the exception of Ports of Auckland Limited.

3. Non-compliance

Failure to comply with the principles of this policy or breach of accountability requirements under the CCO accountability framework may be considered misconduct under the council's Code of Conduct and could result in disciplinary action.

4. Context

Procurement covers all the business processes associated with buying the goods/services/works we use to run our business, and deliver our organisational objectives.

Procurement starts with identifying needs, then planning the best way to meet them, continues through sourcing the goods/services/works, then managing the contract, and ends with expiry of the contract or the end of the assets useful life. It also includes the relationship management of the supplier(s) involved.

The way we procure will vary depending on the value, complexity and risks involved. The approach we apply will be tailored to best suit the individual procurement activity, in alignment with Auckland Council Procurement guidelines.

5. Principles

This policy will be achieved under the direction of the following principles:

Principle 1: Working together

Principle 2: Value te ao Maori

Principle 3: Be sustainable

Principle 4: Act fairly

Principle 5: Deliver the best value for every dollar

5.1 Working together

One of the Auckland Council focus areas is making our size work. To do this it is key that we collaborate effectively across the council group. Auckland Council is committed to working with CCOs and group sourcing procurement to do more with less while creating better value for ratepayers.

In all of our procurement activities we will:

- undertake a group source approach, unless there is a specific CCO requirement, e.g. where there is third party funding which has alternate procurement obligations
- ensuring local effects are measured and mitigated using engagement with appropriate local boards, ward councillors and communities (ensure compliance with delegation and CCO accountability framework)
- prioritise the group sourced procurement approach where appropriate. This includes, but is not limited to: IT, Treasury Services, Indirects, and Insurance

5.2 Value te ao Maori

Council's Maori Responsiveness Framework (Te Toa Takatini) recognises that Auckland's aspirations and Māori aspirations are aligned and that there will be times when procurement requires close consideration of Māori cultural competencies, such as te reo Māori (Māori language), mātauranga Māori (Māori understanding, knowledge and skill), tikanga Māori (procedures, customs and practices) and kawa (protocols).

It is important that we will deliver agreed priorities from the Auckland Plan and Long-term Plan for Māori. To enable this, all procurement will consider:

- potential to engage and enable Māori
- deliver Māori customer-friendly services
- make our size work for and with Māori
- where appropriate we will work with Māori-focused organizations i.e. central government programs or The Southern Initiative to facilitate outcomes

5.3 Be sustainable

The Local Government Act 2002 requires local authorities to take a sustainable approach when procuring goods, services and works.

Sustainable (Smart) Procurement has the most positive environmental, community and economic impacts on a whole of life basis and creates value and legacy. We will assess sustainable procurement outcomes related to all procurement activity and consider:

- value-for-money over the whole of life, rather than just the initial cost
- minimising environmental impacts over the whole of life of the goods/services/works
- strategies to avoid unnecessary consumption and that manage demand and minimise waste
- our suppliers social responsibility practices, including compliance with legislative obligations to its employees
- our obligations under the Treaty of Waitangi and our relationships with local Iwi
- where appropriate we will work with local and community organisations including the The Southern Initiative to facilitate these outcomes

Auckland Council has specific sustainable outcomes identified in the Auckland Plan, Auckland Waste Management and Minimisation Plan, Long Term Plan, Low Carbon Action Plan and other initiatives adopted from time to time.

5.4 Act fairly

Auckland Council and CCOs will conduct business with the utmost integrity in the procurement of goods, works and services.

All employees and suppliers are expected to conduct themselves with the highest standards of honesty, fairness, and personal integrity. It is critical that both employees and suppliers adhere to these standards, all applicable laws, and avoid all perceptions of conflict of interest and impropriety.

Fundamental aspects of this principle are;

- **Transparency** – follow procurement guidelines and be open in administration, ensure spend and contract award information is available to the public, promote a shared understanding of respective roles and obligations between council and any external parties participating in procurement activities.
- **Accountability** – be accountable for performance and be able to give complete and accurate accounts of public funds, including funds passed on to others for particular purposes. It will also have suitable governance in place to oversee procurement arrangements.
- **Ethical consideration** – behave ethically, adhering to the standards set in the procurement guidelines and any other relevant internal policies, i.e. Code of Conduct, Gifts and Hospitality Policy etc.

All open contestable procurement activity will be publicly notified so all potential suppliers have equal access. The procurement documentation that council provides the market will contain information which makes it clear what council is looking for by way of response, and evaluations will be undertaken in a manner that avoids bias.

Ensuring probity of action is everyone's responsibility when conducting procurement activities.

5.5 Deliver the best value for every dollar

Auckland Council will use resources effectively, economically, and without waste, with due regard for the total costs and benefits of a procurement arrangement. The principle of best value for every dollar does not necessarily mean selecting the lowest price response, but rather the best possible outcome for the total cost of ownership (or whole-of-life cost). Group sourced procurement ensures Auckland Council is utilising its size and buying power across the Auckland region and ensures the best value is being realised for council and CCO teams.

Council will utilise a consistent benefit framework, tracking and reporting delivery of value for ratepayers. The procurement process will encourage the delivery of multiple outcomes for every dollar spent and will actively seek innovative delivery approaches from the supply market.

Council will continue to coordinate with the supply market and provide visibility of forward work plans. Appropriately bundled projects and efficiently timed tenders allow council to manage market load while encouraging healthy competition.

6. Monitoring and reporting

The application of this policy will be the subject of Auckland Council and CCOs agreed programme of procurement activity.

Success of this policy will be gauged by:

- Measured improvement in sourcing and purchasing practices
- Improved group procurement reputation of being a preferred customer for key suppliers
- Reduced environmental impact of the goods and services we buy on a continuing basis
- Improvements in cost, value for money and quality of goods and services

This policy will be reviewed every three years or as otherwise required.

7. Policy exemptions

On occasion an exemption to this policy may be required to align with third party agreements and regulations.

8. Council and CCO related policies, procedures and guidance

- Auckland Council Procurement guidance and templates
- Unsolicited Proposal Guidelines
- Code of Conduct
- Conflicts of Interest Policy
- CCO Accountability Framework
- Gifts and Hospitality Policy
- Fraud and Corruption Policy
- Risk Management Policy
- Health, Safety, and Wellbeing Policy
- Procurement Guidance for Public Entities, Office of the Auditor General
- Principles of Government Procurement
- Government Rules of Sourcing

Legislation

- Health and Safety at Work Act 2015
- Local Government (Auckland Council) Act 2009
- Public Records Act 2005
- Construction Contracts Act 2002
- Electronic Transactions Act 2002
- Local Government Act 2002
- Public Audit Act 2001
- Public Finance Act 1989
- Local Government Official Information and Meetings Act 1987
- Commerce Act 1986
- Fair Trading Act 1986
- Official Information Act 1982
- Sale of Goods Act 1908

Version control

Version no:	0.1
Status:	Draft for approval
Owner:	Jazz Singh – General Manager Procurement
Revision history:	

Version no:	0.2
Status:	Draft for CCO Board approval
Owner:	Jazz Singh – General Manager Procurement
Revision history:	

Version no:	Final
Status:	Approved - Finance and Performance Committee 19 September 2017
Owner:	Jazz Singh – General Manager Procurement
Revision history:	