

# Sustainable Procurement and Contracts Policy

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## 1 OUTCOMES

- 1.1 This Policy provides the Procurement and Contract Framework and Principles that must be followed by all Council officers and representatives when purchasing goods and services and managing associated contracts.
- 1.2 The Framework provides simple guidance to procure and manage goods, services, or projects based on an assessment of value and risk.

## 2 POLICY

- 2.1 This policy focuses on outcomes instead of processes and aims to balance compliance with flexibility that delivers value for money, aligns with business needs, improves service delivery, and supports a competitive local economy.
- 2.2 This policy supports delivery of Council's 'Community Strategic Plan' to achieve a sustainable local region. Sustainable procurement & contract management takes responsibility for the Economic, Environmental, Social and Governance impacts of any purchase – goods or services. These four factors are referred to as the Quadruple Bottom Line (QBL) and relate to a total lifecycle impact, and not just the upfront price.
- 2.3 Wider environmental impacts (direct and indirect) should be considered for all procurement decisions, no matter how large or small. Where environmental impacts exist, mitigation, prevention or alternative strategies should be explored and considered in line with ISO20400 – Sustainable Procurement Guidelines.
- 2.4 QPRC has committed to applying the principles of sustainability to all decision-making, and adopted the QBL that requires procurement decision-makers consider:
  - 1. The cost and **economic** impact of the procured product or service,
  - 2. The **environmental** impact,
  - 3. Any **social** and ethical implications, and
  - 4. The application of good **governance**.
- 2.5 Sustainability is an essential part of procurement. A sustainability lens ensures purchasing decisions are based on sound principles that maximise the benefit to the environment, society and meets community expectations.
- 2.6 There is a clear duty of care to spend public funds responsibly, and in a way that protects and nurtures the environment and supports local businesses (including SMEs and minority owned), jobs and guards against modern slavery or any other unethical practices.
- 2.7 We embrace our responsibility to not only ensure the environmental, social, and economic sustainability of our community at a local level, but to also contribute to the overall health of the planet.



### 3 SCOPE OF THE POLICY

- 3.1 The Policy applies to all Council officers and representatives who have delegated authority to purchase goods and services and manage the associated contracts on behalf of the Council.
- 3.2 It commits every individual involved in procuring and managing contracts for goods, services and works, to actively ensure that all activities are:
- legal,
  - accountable and auditable,
  - fair and competitive,
  - ethically, environmentally, and socially responsible,
  - economically effective,
  - conducive to maintaining the Council's ability to exploit appropriate technological, commercial, and organisational developments as they arise,
  - capable of identifying, minimising, and managing risks that may threaten projects, procurements, or contracts, and
  - free of any direct or indirect conflict of interest.
- 3.3 The scope of the Policy commences from when Council has identified a need for procurement, continues through to the award, delivery, management and closing of the contract.
- 3.4 The word '**MUST**' is used throughout this policy and guidance to describe key principles against which Council will be audited and non-compliance identified. Non-compliance may result in disciplinary actions.

### 4 DEFINITIONS

- 4.1 Common Use Arrangements (CUA's) - Council has access to a range of CUA's. CUA's are pre-established panels of providers that should be used for commonly purchased goods and services. These arrangements have been established by Council (or a group of councils), Local Government Procurement, Procurement Australia, or NSW Procurement (State Government).
- 4.2 Procurement - The complete set of activities in obtaining goods and services.
- 4.3 Purchasing - The transactional exchange of money for goods and services

**5 LEGISLATIVE OBLIGATIONS AND/OR RELEVANT STANDARDS**

- 5.1 This document should be read in conjunction with the following **legislation**:
  - a) NSW Local Government Act 1993
  - b) NSW Local Government (General) Regulations 2021
  - c) Modern Slavery Act 2018 No 30
  - d) Government Information (Public Access) Act 2009
- 5.2 This document should be read in conjunction with the following **other documentation**:
  - a) NSW Local Government Tendering Guide 2009
  - b) NSW Model Code of Conduct
  - c) QPRC Purchase Card Directive
  - d) ISO20400:2017 – Sustainable Procurement
- 5.3 This Policy is to be read in conjunction with the following **QPRC policies and standards**:
  - a) Procurement Guidelines
  - b) Procurement Templates
  - c) Code of Conduct
  - d) Purchase Card Directive
  - e) Operations Sustainability Policy
  - f) Anti-Fraud and Corruption Policy
  - g) Regional Economic Development Strategy
  - h) Risk Management Policy
  - i) Statement of Business Ethics
  - j) Sustainable Design Policy for Council Buildings

**6 CONTENT**

6.1 Roles and responsibilities are defined in the table below.

<b>Position</b>	<b>Responsibilities</b>
Council Officers and their representatives	Accountable for managing procurement and contracts in accordance with Council’s financial delegations, legislation, and this Policy.  Council officers are required to demonstrate due diligence in each of the <b>PLAN, SOURCE, MANAGE</b> stages based on the value and risk of the project.
Service Manager Finance (CFO)	Overall responsibility of this Policy, it’s implementation and monitoring and reporting operational compliance.
Procurement Officer	Provide support and guidance in the interpretation and use of this policy and associated Procurement and Contract Management Framework and Legislation.  Report on procurement performance, compliance and improvement actions.

Position	Responsibilities
Service Managers Directors General Manager (GM)	Demonstrate leadership through commitment to Sustainable Procurement and Contract Management and to “walk the walk”. Provide stewardship, oversight through review of “health checks” of procurement and contract management through consideration of regular reporting.

## 6.2 Procurement and Contract Management Framework

6.2.1 The Council Framework consists of 3 broad stages: **PLAN, SOURCE** and **MANAGE**.

6.2.2 When applying this framework and utilising the supporting templates, best practice and legislative requirements will be adhered to. 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.

6.2.3 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, stringent peer review of Requirements Documents (Specifications) prior to any approach to the market.

6.2.4 Conversely, for low risk and low value simple procurement requirements, there is greater flexibility to minimise indirect administrative costs and improve efficiency.

## 6.3 Procurement Principles

6.3.1 **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 the basis of all decisions that can withstand any scrutiny.

6.3.2 **Conflicts of Interest** – A conflict of interest exists when a reasonable person might perceive that a public official’s personal interest(s) could be favoured over their public duties. Conflicts of interest do not, in themselves, usually constitute corrupt conduct. Corrupt conduct can, however, arise when a conflict of interest is concealed, understated, mismanaged, or abused. Staff **MUST** declare, record, and save on file all identified conflicts.

6.3.3 **Record Keeping** – The Council records are its corporate memory, provide evidence of actions and decisions and represent a vital asset to support its daily functions and operations. Council officers **MUST** ensure appropriate documents and records are maintained in accordance with Council’s Records Management Policy.

6.3.4 **Confidentiality** – 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 Code of Conduct for further information.

6.3.5 **Risk Analysis and Management** – Risk analysis and management are techniques applied to ensure that procurement processes contracts are successful. By adopting a ‘what-if’ mind-set it allows procurement to identify and assess the risks and prioritise them by aligning relevant resources to monitor, control and minimise or

overcome the impact. Consideration of Risk should be managed in accordance with the Enterprise Risk Management Policy.

- 6.3.6 **Sustainability (QBL)** – Councils top priority is to procure sustainable and with positive Planetary Health outcomes a focus wherever possible (i.e., socially, environmentally, and economically sustainable results delivered through excellent governance and leadership practices). When procuring or contract managing for Council, Council officers **MUST** demonstrate that opportunities for sustainable outcomes have been adequately assessed and enacted, in accordance with Council's current procurement and contract management framework.
- 6.3.7 **Emergencies** – From time-to-time there may be a need to purchase goods or services due to an emergency whereby the requirements of legislation and this policy cannot be applied. An emergency is a situation that poses an immediate risk to health, life, property, or environment. Emergency procurement is only an option where Council must act immediately and take all reasonable and necessary action to mitigate any continuing risk associated with the emergency. This may only be used in cases of genuine emergency and not to remedy poor planning. Authorisation for emergency procurement **MUST** only be given under delegation to the GM or elected delegate.
- 6.3.8 **Spend Thresholds Requirements** – The estimate value of the contract is inclusive of Goods and Services Tax (GST) for all goods and services for the life of the contract, e.g., if you plan for a contract for an initial period of 3 years with a 1-year option to extend, the contract value is based on 4 years of spend. If you are making a once only purchase, the contract value is the total quoted price. The current tender threshold is \$250,000 including GST for the life of the contract. Council officers **MUST** not split Purchase Orders or contract value estimates to avoid defined or legislative process.
- 6.3.9 **Purchase Orders** – Suppliers **MUST** not be engaged to supply any Goods or commence any Services without first being issued with a valid Purchase Order or other formal contract. Purchase Orders are required to be in place prior to a Scope of Work being performed, for invoices to be paid, 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.
- 6.3.10 **Purchase Cards** – Council provides credit cards and fuel cards to enable the secure purchase of goods and services in support of legitimate Council business. Purchase cards are intended to provide an efficient method of purchasing ad-hoc travel, accommodation and minor expenses or urgent items where no preferred supplier agreement is in place. Council officers issued with a corporate purchase card are in a position of trust regarding the use of public funds. Expenditure on a purchase card **MUST** be in accordance with your financial delegation and the requirements set out in this Policy and the Purchase Card Directive.

## 6.4 Local Economic Benefit

- 6.4.1 Council is committed to supporting the local economy and enhancing the capabilities of local business and industry. Where it achieves Council's overall 'value for money' objectives, Council officers' **MUST** give due consideration to benefits to the local economy when planning procurement.
- 6.4.2 Where local economic benefits are included in the procurement evaluation, the weighting is to be applied to the overall assessment, taking into account all other

price and non-price criteria. This will ensure the best outcome for both Council and the local economy.

6.4.3 There are several options available to improve opportunities for local content when conducting procurement activities including, but not limited to:

1. Social benefit clauses in contract documentation;
2. Social benefit specifications included in scope of sourcing documentation, including provision of templates for applicants to improve response rate;
3. Social outcomes included in evaluation criteria, these must be clearly articulated for tenderers/applicants and strictly adhered to when conducting assessments.

6.4.4 The QPRC Regional Economic Development Strategy highlights industry specialisations for which the region has a demonstrable advantage. When planning procurement activities Council will consider both direct and indirect impacts on the local economy by assessing the linkages between local business and local industry, to support existing specialisations and promote growth.

## 6.5 Sustainable Procurement

6.5.1 Council officers' **MUST** give due consideration to the following sustainable procurement objectives when planning procurement:

- a) Minimise unnecessary purchasing – consider alternatives to purchasing and only purchase when a product is necessary.
- b) Minimise waste – purchase in accordance with the waste management hierarchy of reduce, re-use and recycle.
- c) Reduce natural resource consumption – purchase products that conserve natural resources such as energy, water and fuel.
- d) Minimise pollution – where possible avoid purchasing products that pollute the environment (air, water soil, light and noise).
- e) Eliminate toxic products – where possible avoid purchasing hazardous chemicals or substances that may be harmful to ecosystems or human health.
- f) Reduce greenhouse emissions – purchase products that can reduce emissions or have lower associated emissions. Prioritise products that are carbon neutral or carbon negative.
- g) Achieve biodiversity and habitat protection – purchase in accordance with biodiversity and conservation objectives

## 6.6 Spend Threshold

6.6.1 The procurement methodology is dependent on the value threshold and/or risk of the purchase as shown below. All amounts include GST. The value threshold to determine the methodology is the total accumulated spend for the procurement including any anticipated variations for the procurement activity. Council officers **MUST** not split Purchase Orders or contract value estimates to avoid defined or legislative process

6.6.2 All procurement activity **MUST** comply with the following minimum standards. Council Officers are required to select the method of procurement that achieves open and fair competition and best overall value for money. The tendering thresholds provided in the Local Government Act 1993 take precedence over this Procurement Policy.

Contract Spend	Method	Description
All Spend Thresholds	Review Common Use Arrangements (CUA) and access where possible	CUA's are in place to reduce red tape and time. These should be accessed wherever possible for any spend level. Consider any opportunity to incorporate QBL initiatives.
Up to \$5,000	Credit / Purchase cards to be utilised where possible	Credit card reconciliation is the process of ensuring that the transactions made match the transactions recorded, and are complete, correct, and valid. Reconciliation is an essential part of the closing process, and it's how we ensure the integrity of our records. Council officers <b>MUST</b> reconcile credit cards and comply with the Purchase Card Directive.
Up to \$5,000	1 quote	A Purchase Order <b>MUST</b> be issued prior to goods or services being provided.
\$5,000 - \$50,000	3 written quotes or documented evidence how Value for Money (VFM) is to be achieved	If, for any reason, you can't obtain the required quotes, a detailed statement as to how VFM is to be achieved <b>MUST</b> be recorded on file.
\$50,000 - \$250,000	Simple Request for Quote (RFQ) process including a detailed evaluation and award process. Consideration of QBL	Due to elevated spend and risk, an 'Open Market or Publicly Advertised' RFQ process <b>MUST</b> be conducted in line with the Council Framework guidance. Directors and the CEO are delegated to approve any exemption from competitive procurement or other process departure. Exemptions <b>MUST</b> be supported with detailed information / supporting documents qualifying the need for the exemption.
Greater than \$250,000	Public RFT including Consideration of QBL	As per Legislative Requirements.

## 7 REVIEW

- 7.1 This policy will be reviewed every four years or earlier as necessary if:
- legislation requires it, or
  - Council's functions, structure or activities change