

Procurement Policy adoption

Meeting: Kaipara District Council
Date of meeting: 29 June 2022
Reporting officer: John Burt, Property, Procurement and Commercial Manager;
Shireen Munday, Policy Specialist

Purpose | Ngā whāinga

To adopt the Procurement Policy 2022 and rescind the 2014 Procurement and Contract Management Manual.

Executive summary | Whakarāpopototanga

Council's current Procurement and Contract Management Manual, which includes policy elements, was adopted in 2014. External reviews and Council's auditors have recommended that Council's procurement documentation be reviewed and updated. Staff commenced a review process, based on the recommendations made, in December 2021.

The review identified that current best practice is to separate policy provisions from operational matters, which are best contained in an internally managed and approved document. Whangarei District Council follows this approach and have provided their suite of procurement documents to Kaipara District Council to assist in developing a separate draft Procurement Policy.

The draft Policy was presented to the April 2022 Council Briefing and further refined following feedback received.

The final proposed Procurement Policy 2022 is now presented to Council for consideration.

Recommendation | Ngā tūtohunga

That Kaipara District Council

- a) Adopts the Procurement Policy 2022 as provided in Attachment B.
- b) Rescinds the Procurement and Contract Management Manual 2014 as provided in Attachment A.
- c) Delegates the Chief Executive the authority to make any minor and inconsequential amendments to the Policy identified at this meeting.

Context | Horopaki

Kaipara District Council's Procurement and Contract Management Manual (the Manual) was last reviewed in 2014 (**Attachment A**).

Recommendations to review procurement practices were made by Deloitte in their audit recommendations in 2021. At the 9 September 2021 Audit, Risk and Finance Committee meeting, the Committee received a BDO Audit Report which included a recommendation to review and update the Manual. As a result, staff commenced a review process and reported back to the Audit, Risk and Finance Committee in December 2021.

A recommended revised approach to procurement documentation, including a draft Procurement Policy (the Policy) was presented at the April 2022 Council Briefing for initial discussion and direction. Minor changes to the Policy have been incorporated into the draft based on the feedback received.

Discussion | Ngā kōrerorero

Staff have undertaken a comprehensive review process which included research into procurement approaches across other local authorities, as well as an internal review with key stakeholders. The outcome of this review has identified that the Manual is considerably out of date, both in terms of its focus and approach.

Best practice procurement approaches have moved away from having a single document that incorporates policy as well as operational and technical elements. Current practice is to develop a separate policy document, which focusses on providing high level direction on how procurement should be undertaken, which is approved by Council.

The Policy is then supported by an internally managed and developed Procurement Manual, which details the processes, procedures and operational guidelines required to give effect to the Policy.

In 2019, Council adopted a Procurement Strategy (the Strategy). The Policy is not intended to replace the Strategy (which is current until 2024) but will link to and be referenced in the Policy. Other relevant Council policies are also referenced rather than replicated in the Policy.

Separating the procurement documentation in this way provides Council and the community with a more succinct policy document that clearly describes the directives of Council, thus supporting a better understanding of Council's chosen approaches.

A separate internally approved Procurement Manual allows updates and enhancements over time, as business practices change, while still giving effect to the Policy. Subject to the decisions of Council at this meeting, staff will commence the process to create an internal Procurement Manual to align with the Policy.

Whangarei District Council (WDC) follows this procurement documentation approach. WDC has generously provided their documents to use as a basis for developing the Policy. The WDC Policy is itself based on a template used by at least eight other councils in New Zealand. The final proposed Policy is provided **Attachment B**.

When implemented in conjunction with the Strategy, the Policy supports Council to achieve the Central Government objective of broader procurement outcomes. This will be through engagement where appropriate of local businesses/organisation, including Māori and Pasifika organisations. This can be achieved by contracting directly or alternatively by specifying local provision when procuring larger contracts that because of their scope, complexity and/or scale are beyond the capacity of local small or medium businesses.

Due to the proposed new documentation structure, a marked-up version of the existing Procurement and Contract Manual to show the proposed changes would be both extremely time-consuming but also would add little value in terms of being an aid to understanding any changes as the document would be more markup than actual text and very difficult to read.

The April 2022 Briefing Report outlined the key policy approach changes proposed in the Policy for discussion.

A Council Procurement Process Manual has been drafted. It will be provided to the Executive Team for final approval if this policy is adopted.

Options

Council has three reasonably practicable options to consider, and these are outlined in the table below, together with the advantages and disadvantages of each option.

Option	Advantages	Disadvantages
Option 1: Adopt the Policy and rescind the Procurement and Contract Management Manual 2014.	The Policy is a more succinct document that is based on current best practice, clearly describes the directives of Council, thus supporting a	Staff will need to familiarise themselves with the Policy and require training and/or mentoring in its application as well as how it links to the

	better understanding of Council's chosen approaches. Council's auditors have recommended that the manual be replaced.	current and future associated Procurement Manual.
Option 2: Status quo. Retain the 2014 Procurement and Contract Management Manual.	Staff are familiar with the manual and won't need to familiarise themselves with new policy guidance.	The manual is considerably out of date, both in terms of its focus and approach. Council's auditors have recommended that the manual be replaced.
Option 3: Request that staff make further amendments to the draft Policy to be presented to Council for consideration.	Non identified.	Delays the implementation of the new Policy and associated documentation.

Option 1 is the recommended option.

Policy and planning implications

Central Government procurement guidelines encourage local authorities to have a procurement policy. The Policy has been drafted to align and be consistent with, other policy and planning documents of Council.

Risks and mitigations

Having an up-to-date procurement policy is considered best practice and an effective method of mitigating procurement risk.

Significance and engagement | Hirahira me ngā whakapāpā

The decisions or matters of this report are considered to have a low degree of significance in accordance with Council's Significance and Engagement Policy. No feedback is required, and the public will be informed of Council's decision via the agenda and minutes publication of this meeting, on the website and through other channels if appropriate.

Next steps | E whaiake nei

Subject to the decisions of Council at this meeting, the Policy will be implemented, the relevant internally approved Procurement Manual and associated documents will be finalised, and training provided to staff.

Attachments | Ngā tapiritanga

	Title
A	Procurement and Contract Management Manual 2014
B	Proposed Procurement Policy 2022