

Council Briefing Meeting Minutes

Date: Wednesday, 12 September, 2018
Time: 1:00 p.m.
Location: Council Chamber
Forum North, Rust Avenue
Whangarei

In Attendance	Her Worship the Mayor Sheryl Mai (Chairperson) Cr Stu Bell Cr Vince Cocurullo Cr Shelley Deeming Cr Sue Glen Cr Phil Halse Cr Cherry Hermon Cr Greg Innes Cr Greg Martin Cr Sharon Morgan Cr Anna Murphy
Not in Attendance	Cr Gavin Benney Cr Crichton Christie Cr Tricia Cutforth

1. **Apologies** – Crs Gavin Benney, Crichton Christie, Tricia Cutforth (leave of absence)

2. **Reports**

2.1 Procurement Policy Briefing

Her Worship the Mayor convened the meeting. Alan Adcock – General Manager Corporate introduced Sue Miller - Manager Business Support and advised she would be taking the meeting through the presentation on the Draft Procurement Policy. Alan Adcock advised the meeting that elected members had provided feedback and requested changes to the policy. The Business Support team have reviewed the policy and have incorporated points they had been made aware were of concern to elected members.

Sue Miller reiterated that the purpose of this briefing was to receive feedback from elected members and incorporate that input into the draft Procurement Policy.

Council's Procurement Policy 2015 had received consistent feedback which had initiated a review. Included in the feedback was the policy needs to be fit for purpose, relevant for today and to reflect the changes in the procurement landscape.

The main drivers for change to the policy include:

- The current trends in social procurement.
- The recommendations from the BDO audit that was undertaken in April 2018. These recommendations included:
 - People and Capability Department to include procurement practices in staff inductions.
 - Business and Support Department to –
 - Have oversight of all procurements greater than \$100K
 - Review large procurements for document control
 - Review all variations to process
 - Provide training and information sharing sessions on new policy when adopted.
- Consistent feedback received from within the business - procurement documents were not meeting their needs.
- Risk to Council through the current procurement processes.

The recommended changes include:

- The review of the policy documents.
 - Specifically, in the policy documents, details have been expanded on. Details of exclusions will provide clarity going forward.
 - A risk matrix for assessment of risk for the whole organisation has been included.
 - A threshold that determines price comparison.
 - The Business Support Department informed of all procurements.
 - Inclusion of Guidance Notes.
- The next step will include the development of supporting documents e.g. the checklist in the quote pack.

The Procurement Principles now include:

- Thinking strategically and collectively – aligned with our thinking forward rather than reactively.
 - Building capacity and capability. The discussion so far has been that the model should be decentralised – procurement sits within the business.
 - Support innovative thinking with suppliers.
- Effective market competition – retender when appropriate. Follow best practice and proper process.

- Emergency procurement – there are times when Council needs to respond quickly due to unforeseen circumstances. It has been worded clearly ‘urgent circumstances’ rather than ‘emergency’ which has different connotations.
- Sustainability – topical and important but a cautious approach required. An alignment with strategic objectives is imperative. It needs a committed but planned approach. Learn through others in this space both nationally and internationally.
- Encourage local supply – important but not at any cost. Training opportunities for local suppliers. The value of relationships should not be undervalued.
- Probity – Best practice for large, complex or complex projects. Supports mitigation of risks for Council.

The key considerations are:

- Health and Safety – Council’s responsibility – cannot be contracted out.
- Ethical business practices.
- Practical considerations – consideration of dollar value, complexity and risk.
- Confidentiality and intellectual property.
- Keeping records – the Public Records act 2005 requires creation and maintenance of full and accurate records.

The new risk matrix for procurement of goods and services has considered the decentralised method of procurement by Council. The reason that this approach has been taken is that procurement is undertaken across departments. There are very large procurement contracts executed on a regular basis. Staff have the expertise and are implementing the process successfully. Legal and finance advice is provided as part of the process. There is relevant and appropriate structure already in place.

The recommended reviews are based on risk. Even if there is negligible risk the Business Support department are to be kept informed of all procurement. This will assist in creating a comprehensive data base. This data base will be used to determine when procurement is due etc.

The new matrix considers the risk in relation to the procurement, the business expertise and capacity of the staff and value of the procurement.

Of the over 7000 purchased orders raised for the last financial year 7037 were for less than \$10K. This spread of low level risk was across the whole organisation with competent people managing the process. There were 133 purchase orders raised for over \$250K. These large projects were scored as low risk to Council on the matrix because of the expertise within the departments to deal with them.

Sue Miller asked for questions and feedback in relation to the policy and regarding establishment of the process.

There was a suggestion to offer a weighting table for tenders as is provided by FNDC. It was noted that WDC already has a transparent evaluation process in place. This is still evaluated for each procurement process. Many things remain consistent with each procurement process but there are occasions where they differ.

There was a query in relation to whether reference to the Privacy Act needs to be included in the policy as well as confidentiality and intellectual property. This was noted and will be considered to see if it is relevant to include in the policy.

There was discussion on the use of the phrase 'no rollovers' of contracts under the procurement principles heading slide. It was thought that the interpretation in the policy would be unless 'good practice'. It was stated that 'no rollover' should not be specified.

There was a query on how sustainability would be aligned with the strategic objective imperatives and whether this would just be for the policy or for all of Council. Socialisation and training with staff, working with SLT and OLT and staff representatives from across Council on the formation of Council's Strategy working group were all processes that are and would assist with this alignment. Appendices to the policy, it was noted, would be a living document and would assist with how these objectives are incorporated.

There was debate on whether Fair Trade should be specifically referred to in relation to ethical considerations as a principle. General feeling was that the ethical business capabilities already listed under 7.3 covered these principles.

After debate the indication, though not unanimous view, from the meeting was that reporting to Council Committees of contracts approved under DFA Policy be set at \$100K and higher.

There was a query in relation to mitigating the risk of fraud and whether checks and balances were adequate. It was advised that the audit had recommended that Business Support should have overview of all procurement to further minimise any possible risk.

There was discussion on Auckland Council's policy aligning with the Treaty of Waitangi. Mixed views were expressed on specificities adding to the bureaucratic process and slowing the schedule of Council work projects.

The suggestion to consider public consultation of the Procurement Policy came from councillors being approached by members of the community who were interested in

the process undertaken for procurement. It was noted that this public briefing on the draft Procurement Policy had no members of public in attendance. The Chamber of Commerce had also been advised of the draft policy. There is no requirement under the Significance and Engagement policy to undertake a consultation process. It was agreed that a formal consultation process would not be beneficial. It was suggested that an appropriate option would be for community members to bring an item to the Public Forum at a Council meeting.

Simon Weston - General Manager Infrastructure advised that regular meetings were held with contractors, other councils and NZTA to discuss procurement processes including Health and Safety, the tendering process and how that process can be simplified.

Next steps – The feedback today will be incorporated into the draft Procurement Policy and brought to the Audit and Risk Committee this month. On the recommendation of the Audit and Risk Committee it will come to Council to be adopted.

Closure of Meeting – Meeting concluded at 2.15 pm