

# Hawke's Bay Regional Council

# Procurement Policy

Updated in September 2020

## Document Control

### Purpose of this document

The Procurement Policy is a formal statement of principles that outline how the Hawke's Bay Regional Council (HBRC) will manage the procurement life cycle.

The Procurement Policy is supported by the Procurement Manual which details how to apply the policy principles. The revised procurement policy and procurement manual are consistent with national procurement principles and guidelines and are compliant with relevant legislation. The Policy details what HBRC is required to do to meet national guidelines and the Manual details of how to apply the policy principles to deliver benefits of best practice procurement.

**Intended Audience**

This document is intended for internal HBRC staff who administer and manage procurement. Communications information will be developed and made publicly available for external audiences, anticipating a launch following policy approval, in July 2020. Following the relaunch, this policy may be refined in the light of experience over time with any changes to be approved by Council before implementation. The next scheduled review is 2022.

**Document Information**

Name	Position
Document Owner	Jessica Ellerm – Group Manager
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**Document History**

Version	Issue Date	Changes
VO1	13.5.19	Add environmental principle
V02	16.6.20	Add amendments from 20th May 2020 meeting with Council; Fars 12.08.20; C&S Committee 02.09.20

**Document Review**

Name	Role	Review Status
Mark Heaney	Procurement Lead	Draft Completed

**Document Sign-off**

Name	Role	Sign-off date
Jessica Ellerm	Group Manager – Corporate Services	22.09.2020

## 1. Introduction

The HBRC procurement policy was last reviewed in 2019. In September 2018 OAG and MBIE made new recommendations for best practice in procurement. HBRC commissioned a review in 2018 by Crowe Horwath to evaluate our existing policy and make recommendations to align with current best practice guidelines. This policy and the accompanying procurement manual reflect HBRC progress to adopt those and other recommendations to achieve best practice.

### 1.1 Context and alignment

Procurement covers all the business processes associated with buying the goods, services and works we use to run our business, and deliver our organisational objectives. It starts with identifying our needs, then planning the best way to meet them, continues through sourcing the goods, services and works, then managing the contract, and ends with expiry and evaluation of the contract or the end of the assets life.

The purpose of this policy is to establish and document the principles and practices that should guide and inform Hawke's Bay Regional Council (HBRC) and its employees when making procurement decisions and undertaking processes for the purchasing of assets, goods, works and services.

This procurement policy gives a high-level view of the rules and guidelines governing HBRC procurement. It is meant to be read in conjunction with HBRC's procurement manual and the approved list of financial delegations. Together, these documents will assist HBRC and its employees undertaking procurement activities in the following ways:

- **Procurement Policy** – provides the grounds and principles for making procurement decisions.
- **Procurement Manual** – provides direction on the processes to follow and tools to use when undertaking a procurement or purchase.
- **Financial Delegations** – list of those in the organisation with authority to make procurement decisions or approve expenditure and to what level. Please refer to:  
<https://herbi.hbrc.govt.nz/site/corpmgt/Lists/FinancialDelegations/AllItems.aspx>

## 2. Procurement governance, capability and oversight

Governance of the HBRC procurement policy is provided by the Corporate Services Group Manager, responsible for the oversight and high-level management. They will provide the strategic direction, resources and the decision making necessary to support and deliver the policy.

Monitoring will be reported through the Finance Audit and Risk Committee.

HBRC will assign appropriately experienced employees to manage its procurement activities. HBRC will provide training and supervision to employees to support good practice in procurement and purchasing activities. Where required for specific procurement activities, additional specialist expertise may also be employed by HBRC. Any specialist experts employed must also comply with the HBRC's procurement policy.

## 3. Policy Principles

The Office of the Auditor General (OAG) established a set of principles in September 2018 that provide guidance for the conduct of local government organisations and its employees while exercising procurement activities. HBRC recognises that these principles underpin best practice procurement. HBRC has adopted the principles as part of its procurement policy.

1. **Environmental considerations** – HBRC will (as part of its product procurement and supplier selection) consider minimising the impact on the environment, reflecting the organisation’s role and responsibilities to the community it serves. *Climate Smart Recovery* is at the forefront of HBRC’s purchasing and aligns with the national procurement objective to introduce Broader Outcomes Purchasing across the public sector. The Government Procurement Rules require HBRC to “consider, and incorporate where appropriate, broader outcomes when purchasing goods, services or works”. The rules define broader outcomes “as the secondary benefits that are generated from the procurement activity. They can be environmental, social, economic or cultural benefits.
2. **Transparency** – *Procurement processes, from developing a procurement strategy to signing a contract, should be well defined and documented.* Without compromising commercial confidentiality, HBRC will be transparent in its administration of its external expenditure and supplier agreements. This supports HBRC’s accountability to its ratepayers and community and ensures that the roles and obligations in agreements between HBRC and its suppliers are clear and well understood by all parties.
3. **Fairness and impartiality** – *All interested suppliers should be encouraged to participate in a tender, without advantage or disadvantage. Processes should be applied lawfully and consistently, without fear or favour. Unfair advantages, including those arising from incumbent arrangements, should be identified and addressed.* HBRC and its employees will act fairly and reasonably and will be visibly impartial in their decision-making.
4. **Honesty and integrity** – *Individuals and organisations should act appropriately and professionally. Public sector standards of conduct must be met.* HBRC will support, always encourage and expect its employees to conduct themselves with the utmost integrity. HBRC will act within the law, to meet its legal obligations when procuring assets, goods, works and services. When HBRC enters into any agreement with a supplier, it will communicate clearly the appropriate standard of integrity that is expected from the supplier. This standard will apply to both the supplier’s transactions with HBRC and as a representative of HBRC in the public domain.
5. **Managing conflicts of interest** – *Expectations about conflicts of interest and how they are managed should be clearly understood by all parties. Conflicting interests and roles, and the associated perceptions, should be identified, declared, and managed effectively.* Suppliers affiliated in any way to elected members or employees of HBRC can still be considered for funding. Impacted elected members or HBRC employees are required to note any possible conflict of interest (or perception of a conflict of interest) and will not be involved in any assessment or decision making related to either funding or supplier selection where a conflict may exist.
6. **Confidentiality and security** – *Confidences should be respected, and information should be held securely and safeguarded from wrongful or inadvertent disclosure.* HBRC will endeavour to keep commercially sensitive information confidential while undergoing procurement activities. (See 5.4 for more detail)
7. **Accountability** – *There should be strong, but proportionate, project governance and reporting system in place.* HBRC is accountable for its performance and will keep complete and accurate accounts of its external expenditure, including the reasons and justification for committing to the expenditure. Suitable governance and management arrangements will be in place to oversee procurement decisions, processes and the performance of any subsequent supplier agreements.
8. **Value for money** – HBRC will use its resources effectively, economically and without waste. HBRC will be focussed on the outcomes it is trying to achieve and will apply its resources in such a way to best achieve those outcomes, having due regard for the ‘whole of life’ costs of the purchase.

## 4. Practical Considerations

HBRC and its employees will refer to the following practical considerations when undertaking procurement activities:

1. Procurement decisions should reflect the HBRC's policies and objectives for the provision of services to its ratepayers and community.
2. Assets, goods, works and services to be purchased should be fit for purpose and meet HBRC's requirements.
3. HBRC should be flexible in its use of procurement processes and supplier agreements and those used should be appropriate to the type and scale of the procurement and specific requirements of HBRC.
4. Procurement strategies, planning and processes should aim to keep the process costs of procurement as low as possible for HBRC and its suppliers, without compromising the legality and thoroughness of the procurement.
5. As part of procurement planning, risks involved with the activities should be identified and measures put in place to manage the risks effectively.
6. HBRC's wider commitments and obligations must be considered including purchasing locally, whole of life costs, environmental sustainability, health and safety and compliance with other HBRC agreements.
7. Good practice should be followed, and HBRC employees should be aware of, and comply with current government and industry guidelines for purchasing (OAG, Ministry of Business, Innovation and Employment, NZ Construction Industry Council etc).
8. Procurement decisions should take into account section 17A of the Local Government Act 2002 which states that a local authority must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions. A review of these arrangements must be undertaken when there are any significant changes to relevant services levels, within two years of the expiry of any contract or binding agreement relating to infrastructure, service or regulatory functions or at any other time the local authority considers desirable, but not later than 6 years from the last review. For more information refer directly to the Local Government Act 2002

## 5. Purchasing Ethics

### 5.1 Communications

HBRC will communicate information openly and fairly to all participants in HBRC procurement processes. An appropriate representative of HBRC will be appointed to be responsible for managing communications for each contract. All participants in any procurement that are unsuccessful in becoming a supplier will be given the opportunity to be briefed on the reasons why they were not successful.

### 5.2 Conflicts of interest

HBRC have procedures for managing conflicts of interests. HBRC will ensure its employees, suppliers and potential suppliers declare any conflict of interest and that appropriate action is taken when a conflict is identified. Under no circumstances should a procurement process allow council staff or elected members to receive preferential treatment. There are two specific restrictions that apply to elected members under the Local Authorities (Members' Interests) Act 1968. Under the Act, an elected member cannot:

- enter into contracts with their local authority worth more than \$25,000 in a financial year; or
- discuss or vote on matters before their authority in which they have a direct or indirect pecuniary interest, other than an interest in common with the public. This application will also be extended to HBRC committee members to ensure consistency.

*Please refer to Staff Policy 28 – amended 2019*

<https://herbi.hbrc.govt.nz/site/hr/pol/SP028%20Conflict%20of%20Interest.doc#search=conflict%20of%20interest%20policy>

### 5.3 Conflicted suppliers

In some cases, it may be practical or beneficial if both HBRC and an applicant, submitter or adversary can purchase a specialty service or product from a single supplier. HBRC may in these circumstances agree to both parties using the services or product, notwithstanding the existence of any real or perceived conflict of interest of the supplier - e.g. *An engineering consultant has undertaken a significant study with respect to an issue. Both HBRC and an applicant wish to make use of the study for the purposes of a consent hearing and engage the consultant for that purpose.*

### 5.4 Confidentiality

Please note that all information collected and held by HBRC is public information under section 2 of the Local Government Official Information and Meetings Act 1987 (LGOIMA), as such any and all information may be requested by a third party. Access to information held by Council is administered in accordance with LOGIMA and the Privacy Act 1993. These Acts means that Council is not able to give suppliers comprehensive assurances about the protection of sensitive information.

All employees and consultants that may have access to confidential information will be required by HBRC to sign and abide by a confidentiality undertaking. Any breaches of confidentiality HBRC becomes aware should be dealt with immediately and appropriately.

### 5.5 Gifts or Inducements

HBRC employees must not accept gifts or inducements from suppliers or potential suppliers that might be perceived as influencing any purchase decision made by the employee in favour of the supplier or potential supplier. HBRC employees must advise their Group Manager of any gift received from an external organisation as to the appropriate course of action to take. Gifts or inducements include entertainment, travel, tickets to events and the like.

*Please refer to Staff Policy 18 –Offer of Gifts or Winning Prizes*

[https://herbi.hbrc.govt.nz/site/hr/\\_layouts/15/WopiFrame.aspx?sourcedoc=%2Fsite%2Fhr%2Fpol%2FSP018%20Offer%20of%20Gifts%20or%20Winning%20Prizes%2Edoc&action=view](https://herbi.hbrc.govt.nz/site/hr/_layouts/15/WopiFrame.aspx?sourcedoc=%2Fsite%2Fhr%2Fpol%2FSP018%20Offer%20of%20Gifts%20or%20Winning%20Prizes%2Edoc&action=view)

### 5.6 Expert Advice

HBRC employees should ensure that professional advice from individuals or firms is procured on the basis of the expert nature of the advice. Individuals or firms should not be selected based on their willingness to advocate for HBRC's position on the matter in concern. This should include legal advice, where non-standard clauses could be introduced to contract terms and conditions.

### 5.7 Buying Local

HBRC is committed to purchasing from local suppliers based on the benefits this provides the local community and economy. HBRC employees will always consider the availability and capability of suppliers in the local market. However, HBRC will balance the benefits of buying locally with ensuring that HBRC and its ratepayers and the community will receive optimal value. The weighted criteria for local provision is variable between 5% and 15% with quality, experience, price, etc, making up the majority balance to 100%

A decision to purchase goods, works or services from a supplier where the locality of the supplier is the determining factor (rather than price and/or quality factors) should consider one or more of the following.

- The importance of the goods or service being available locally (due to factors such as time constraints or availability of key personnel to respond to requests for service from HBRC).
- The importance of local knowledge of the Hawke's Bay regional environment.
- The importance of supplier knowledge and understanding of HBRC's operational practices, processes and systems.

Where the locality of the supplier is the determining factor in a purchase, HBRC will document this and include the justification for approving the purchase on this basis.



In a Major Procurement that may include several interested suppliers (local and non-local) via a competitive process, the importance of local presence and/or knowledge should be clearly highlighted in HBRC's procurement documentation and submissions should be evaluated accordingly.

### 5.8 'Whole of Life' Costs

When planning for and undertaking a procurement activity, HBRC employees should consider the potential whole of life cost of the purchase, otherwise known as the total cost of ownership.

The whole of life cost includes costs that are not the direct acquisition costs of assets, goods, works or services. The whole of life cost might include maintenance costs, management costs and disposal costs. NZTA states additional costs for consideration as quality, design integrity, innovation, health and safety practices and capital invested as well as training and development opportunities. There might be other costs to consider in the whole of life cost, such as environmental, economic and social impacts.

HBRC will make procurement decisions based on the assessment of whole of life costs involved in a purchase. Appropriate analysis, planning and evaluation prior to and during procurement is necessary for HBRC to make the best procurement decisions based on the whole of life costs. Whole of life costs assessments should be in proportion to the potential size, value and duration of the investment by HBRC.

### 5.9 Sustainability and the living wage

Sustainability is about meeting the needs of today, without compromising the ability of future generations to meet their needs. HBRC gives preference to suppliers adopting the living wage as an alternate to minimum wage, and HBRC will use the living wage in the supplier selection process.

HBRC is committed to purchasing goods, works and services that are environmentally sustainable. HBRC will endeavour to select suppliers that will promote sustainability and will commit to HBRC's sustainability principles. Where it is appropriate to do so, HBRC will ensure that its procurement and purchases serve to minimise the consumption of resources and energy, reduce waste and prevent pollution.

### 5.10 Health and Safety

Health and safety are an important consideration for HBRC and its suppliers must meet health and safety requirements as a part of any procurement. HBRC's health and safety expectations should be clearly communicated to suppliers and be appropriate for the type of goods, works or services being purchased and comply with the Health and Safety Reform Bill 2015. Suppliers of services are required to be SiteWise registered (or equivalent industry standard) and performing (as assessed by external audit) to appropriate Health and Safety standards and practice suited to the work environment.

HBRC will address health and safety through procurement by:

- Approving and inducting suppliers into HBRC's health and safety regime prior to engagements.
- Requiring suppliers to provide health and safety plans, where appropriate.
- Including the monitoring and auditing of health and safety practices as conditions of contracts and agreements.

### 5.11 Intellectual Property

HBRC will consider its position on intellectual property that might be provided or created out of any supplier agreement. Once it has considered its position, HBRC will agree with the supplier and document how intellectual property will be treated. HBRC will:

- Make every effort to ensure it values and protects its own intellectual property.
- Seek appropriate licences to use supplier intellectual property.
- Respect the intellectual property of its suppliers.
- Treat suppliers fairly with the use and protection of supplier provided intellectual property.

Where procurement involves the purchase of intellectual property rights, such as computer software development, staff need to determine whether the intellectual property rights should belong to Council or to the supplier. Relevant factors may include the effect on the price of the contract and the ongoing ability of the parties to develop innovations. Staff must:

- Identify all intellectual property likely to be developed or created in a project
- Determine who should own any intellectual property.

The State Services Commission has developed guidelines around the approach to take with intellectual property in ICT contracts. Although intended for Central Government contracts staff should consult the following document when addressing Intellectual Property issues: Guidelines for Treatment of Intellectual Property Rights in ICT Contracts, State Services Commission, 2008.

### 5.12 Sensitive Expenditure

Sensitive expenditure is expenditure that might appear to convey a private benefit to an individual employee or elected representative over and above the benefit to HBRC. Expenditure on travel, accommodation, hospitality and vehicles are examples of sensitive expenditure.

HBRC must maintain a list of reasonable costs for the reimbursement of individual employees and elected representatives covering categories of sensitive expenditure and reimburse expenditure with reference to that list.

When making purchases that could be deemed as sensitive expenditure, employees should consider whether the expenditure:

- Has a justifiable business purpose.
- Is moderate in terms of level of expenditure.
- Is accompanied by sufficient proof of purchase.
- Is appropriate in all other ways.

*Please refer to Staff Policy 024 Controlling Sensitive Expenditure amended February 2019:*

<https://hbrc.sharepoint.com/search/Pages/docresults.aspx?k=conflict%20of%20interest#k=sensitive%20expenditure#l=1033>

### 5.13 All of Government (AoG) supply contracts

The Ministry of Business, Innovation and Employment is responsible for a programme of procurement of single supply agreements between the Crown and approved suppliers for the supply of selected common goods and services called All of Government (AoG) supply contracts. Local Government organisations are eligible to purchase goods or services under these AoG supply contracts.

HBRC has already committed to AoG supply contracts for some categories of expenditure and recognises the benefits that can be realised under AoG supply contracts. HBRC is committed to saving on transaction costs and will continue to review its requirements against the availability of goods or services under AoG contracts or similar bulk purchasing schemes.

HBRC employees must comply with the AoG supply requirements when purchasing goods or services in the categories where HBRC has committed to an AoG supply contract.

### 5.14 Reimbursements

HBRC may sometimes be required to cover costs of works or services that are procured by another party. In these circumstances, HBRC must approve and agree with the other party the scope of the works or services and the maximum cost HBRC will be incurring prior to any works or services commencing. The costs should be fair and reasonable giving regard to the nature and extent of work undertaken and the applicable market rates.

### 5.15 Loan/Subsidy Schemes



HBRC may take part in schemes where HBRC provides loans or subsidies to qualifying parties for purchasing goods or services. Where HBRC selects and provides a list of approved suppliers under those schemes, those suppliers will be included on the list based on pre-condition qualification criteria set by HBRC. The approved suppliers will be subject to audit to ensure that the standard of goods supplied, or work being undertaken consistently meets those criteria.

## 6. Procurement Processes

### 6.1 Competitive Procurement Processes

A significant portion of HBRC's external expenditure will be with suppliers who have been selected via a competitive process. A competitive process will be the default for selecting a supplier, unless there is good justification for deviating from a competitive process for a purchase. HBRC will maintain a framework of competitive procurement processes through its procurement manual. This framework will provide guidance to employees on:

- The appropriate methods to employ when undertaking a competitive procurement process;
- The criteria for deciding which method to use given the specific purchase requirements.

### 6.2 Deviations from Competitive Processes

HBRC recognises that some of its requirements will be best met through a direct approach to existing suppliers or Niche Suppliers (a supplier of goods, works or services not readily available from a number of competitive suppliers in the market). Sometimes there will be a clear benefit to HBRC from procuring assets, goods, works or services in this way.

Where justification for a deviation from a competitive procurement process is documented and approved at the appropriate level within HBRC, it will be open for HBRC to directly negotiate with a supplier and not be bound by its competitive procurement processes and corresponding financial thresholds.

The procurement manual will provide guidance to HBRC employees on the appropriate considerations and methods to use when deviating from competitive processes.

### 6.3 Panels or List of Preferred Suppliers

For some types of purchases, HBRC will engage suppliers on a panel, or maintain a list of approved suppliers. HBRC favours this approach to help reduce the cost of procurement, particularly where:

- Suppliers provide goods or services of relatively small value on an 'as required' basis.
- Suppliers are Niche Suppliers and HBRC is not easily able to procure the specific goods or services elsewhere.

HBRC will regularly review its lists of approved suppliers (at least every three years), and in particular the prices and quality of the suppliers on the list. One of the primary objectives of these reviews will be for HBRC to consider the need for a fresh procurement process, or price negotiation with suppliers. Supplier agreements with suppliers should contain terms and conditions that permit regular reviews.

## 7. Procurement Manual

### 7.1 Purpose of Procurement Manual

HBRC will maintain a procurement manual to document HBRCs procurement processes and support employees responsible for managing procurement activities. The procurement manual will provide employees with guidance on:

- Procurement strategy and planning
- Procurement processes

- Supplier evaluation and selection
- Procurement documentation and forms of contract
- Negotiation.

The procurement manual will be consistent with HBRC’s procurement policy and list of financial delegations.

## 7.2 Contents of Procurement Manual

The procurement manual will contain information to enable documentation, processes and methods to be selected that are in proportion to the value and risk involved with a particular purchase. Where there are a variety of options available, the procurement manual should provide detailed selection criteria that allow the employee to select the most appropriate option for the particular type of procurement.

The procurement manual will cover:

- Purpose of the Manual
- Procurement life cycle
- Procurement Strategy
- Procurement Planning
- Tender Administration and Probity including
  - Selection process
  - Supplier Evaluation and Selection
- Contract Forms and Types
- Managing contracts including Mobilisation and evaluation

## 8. Financial Delegations

HBRC will maintain a list of financial delegations that clearly identifies:

- HBRC individual officers delegated with financial authorisation to commit HBRC to external expenditure
- The level of expenditure authorisation delegated to those officers
- Any definitions of expenditure required for council officers to understand their financial delegation (for example: how expenditure for services provided on an as required basis under an ongoing service agreement with a supplier should be treated)

The list of financial delegations should not limit or impede an HBRC employee from undertaking their role and responsibilities, particularly with respect to authorising payments under a supplier agreement or managing an emergency.

Note that delegations are GST exclusive.

<b>Financial Delegations – where provision is made in the LTP / Annual Plan (Operating &amp; Capital)</b>	
CE	Authority to implement the LTP / Annual Plan as approved by Council
All Other Group Managers	Up to \$150,000 for any one commitment
Emergency Management – Group and Local Controllers	Up to \$100,000 for any one commitment

All Other Staff	Delegations provided by their Group Manager up to a level of \$100,000 for any one commitment
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<b>Operating Expenditure – where no provision is made in the LTP / Annual Plan</b>
<p>Any material operating expenditure that is outside the provisions of the LTP / Annual Plan should be raised with Council as soon as practical to obtain their agreement to proceed with the expenditure and to confirm how this will be funded. If it is agreed to fund through reductions in other budgets this will be reported on to Council through the quarterly operations report. Other options may include loan borrowing or letting the cost hit the bottom line.</p> <p>The Regional Council contingency budget will only be used once confirmed by the Council. This will usually occur in the 9-month reforecast exercise each year</p>

<b>Capital Expenditure</b>	
CE	Up to \$100,000 for any one commitment if funded via the asset replacement reserve.
Group Managers	Up to \$20,000 for any one commitment if funded via the asset replacement reserve.
Council	Any capital expenditure outside of these delegations must go to Council for approval.

## 9. Emergency Procurement

An emergency is as defined under the Civil Defence Emergency Management Act 2002, as amended or superseded by other legislation. In an emergency, departures from normal procurement and payment process will be acceptable if it is necessary for HBRC and the Hawke’s Bay CDEM Group to respond the emergency effectively.

In an emergency, the following financial delegations will apply:

All CDEM related expenditure during an emergency is incurred by the territorial authority in which the expenditure occurs. Certain expenditure can then be claimed from central government, such as welfare related expenditure. During an emergency, controllers who are council employees may use the delegations that they hold for their local authority. However, there may be occasions where controllers are not council employees or have been deployed from other local authorities. Financial delegations are therefore required

to cover this situation and provide for an effective response to an emergency. The following financial delegations shall apply for persons appointed to the position of group or local controller, where appropriate local authority delegations have not been approved previously for the area concerned.

**Local Controllers:** Empowered to enter commitments up to \$100,000 for any one commitment within the area they are local controller.

**Group Controllers:** Empowered to enter commitments up to \$100,000 for any one commitment.

The Group Controller has the authority to delegate this expenditure to any emergency response individual as is required to effectively respond to the emergency.

Where emergency expenditure is required above the emergency limit for single item or service, approval for emergency expenditure must be provided by either the Chair of the Joint Committee or the Chief Executive of the Hawke's Bay Regional Council or their respective Hawke's Bay CDEM Group delegates.

Where practicable to do so prior to expenditure being incurred, the Group Controller will seek assurance from the Ministry of Civil Defence and Emergency Management that expenditure by HBRC in an emergency will be eligible for reimbursement by Central Government.

For oil spill response the Maritime Transport Act 1994 should be followed, and the On-Scene commander will have the authority to have delegated authority up to the level stated in our oil spill procedures.

**Urgent Procurement** may include when life, property, or equipment is immediately at risk; or standards of public health, welfare, or safety need to be re-established without delay, such as disaster relief.

## 10. Record Keeping

HBRC should be able to demonstrate that it has conducted procurement fairly and appropriately. It is essential that records are kept of procurement activities by HBRC describing the background and reasons for procurement decisions. Records should be maintained for each procurement that document:

- That HBRC's procurement processes have been followed.
- That enough budget has been allocated for the purchase.
- That approval has been given for the purchase from the relevant holder of delegated financial authority.
- Any conflicts of interest have been identified and managed.
- Any risks have been identified and managed.
- The supplier agreement(s) that have been entered.

HBRC will maintain adequate systems and processes for managing its procurement documentation and supplier agreements. All employees responsible for purchasing activities and contract management should be trained in the correct processes for managing documentation.

Every new contract should be recorded under the Procurement Hub in HerBi which will allocate a specific contract number and will enable the collation of all information under each contract.

## 11. Application of Policy

### 11.1 General Application

This procurement policy applies to HBRC and all its employees, consultants and advisors undertaking procurement activities on behalf of HBRC.

### 11.2 Council Controlled Organisations

This procurement policy does not apply to any council-controlled organisations in which HRBC has any interest.

### 11.3 Council Business Units

This procurement policy applies to HBRC business units with respect to the business units procuring assets, goods, works and services from suppliers.

Where an HBRC business unit is a supplier or potential supplier to HBRC:

HBRC will not invite any HBRC business unit to tender or submit for any work in any competitive process where it will be in direct competition with the open market.

Where HBRC has work which is able to be undertaken by a business unit and the Council wants the business unit to potentially undertake the work, it may either:

- Approach the business unit directly and solely to price the work as an alternative to engaging the market in a competitive process; or
- Having already undertaken a competitive process with the market and not being satisfied with the value it will receive, request the business unit to price and undertake the work.

## 12. Review

This procurement policy and the procurement manual will be reviewed in 2022. Changes may be made to the procurement policy and/or the procurement manual in the interim if there are significant developments in procurement best practice.