

To   Ki a	ALL MEDIA
From   Nā	The Office of the Mayor
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## Mayoral Review of Council Procurement

A report regarding Queenstown Lakes District Council (QLDC) procurement practice, and specifically bylaw reviews undertaken by local consultants ZQN.7, requested by Mayor Jim Boulton has reinforced the need to modernise guidelines and tighten training, as well as expediting a review of procurement policies committed to in July 2020.

Mayor Boulton confirmed that, whilst generally practice was aligned with the current QLDC Procurement Policy, misunderstanding existed regarding the application of the guidelines.

“The ZQN.7 situation was exacerbated by key staff leaving, the scope of works increasing and the extended process of working through the reviews with Councillors. Along with this a number of staff in the organisation unintentionally misconstrued the procurement process regarding a decision-making threshold of \$50k.”

“The Council engages a significant number of suppliers. That is simply a necessity given the scale of the programme of work we’re dealing with. Whilst procurement practice amongst staff is generally in keeping with the policy and guidelines, especially with the larger multi-million dollar contracts, the report has shown that there is common misconception regarding lower value contracts. Many staff have believed it was ok to directly appoint suppliers without a competitive process and have structured contracts to be managed efficiently, not appreciating the total value of the work to be completed,” said Mayor Boulton.

“I must reassure the community that there is generally excellent procurement practice within the Council. Where it has deviated, the report is clear that there is no ill or unlawful intent or activity, or desire to furnish mates with work. Furthermore, where the process has deviated in the under \$50k procurement the right attributes have been considered when commissioning work (such as competency and price) and outcomes have still been delivered. These findings do not compromise any work that has been completed or work currently in progress. We can therefore focus our attention on future process.”

Councillors reviewed and discussed the report and wider procurement practice in a workshop on Monday 15 February and broadly accepted and supported the content, findings and recommendations, and committed to seeking a further review of the report by the Council’s Audit, Finance & Risk Committee which includes two Councillors and three independent external committee members. One recommendation was to expedite the review of the guidelines and policy which was committed to at a meeting of the Audit, Finance & Risk Committee on 2 July 2020.

Mayor Boulton added that one of the drivers for the review of the policy and guidelines were to make sure they are fit for purpose and reflect current best practice.

“These documents were produced in 2016 and the nature of Council and the environment in which it operates has changed significantly since then. Whilst we need to ensure that officers are operating within best practice, delegated financial authorities, and in alignment with Central Government’s Procurement Rules and guidance, the Council needs the agility to work at pace and to be responsive to a dynamic context and the current guidelines are outdated and unworkable.”

“I would like to reassure those who may be concerned that this Council, its elected members and staff remain committed to transparency and access to information regarding procurement and all matters of Council business. On that basis I have requested that staff explore making contracts awarded a matter of public record by default – with appropriate redactions for commercial sensitivity. As a first step on this path the report into procurement practice has been publicly released. No entity always gets things right, but it’s important that when errors are made we resolve them, learn from them, and always continue to strive to improve,” concluded Mayor Boulton.

**ENDS | KUA MUTU.**

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A copy of the report completed at the request of the Mayor is attached for reference.

The paper presented to the Audit, Finance & Risk Committee regarding the review of the Procurement Policy and Guidelines can be found on the QLDC website here:

[www.qldc.govt.nz/media/mavfpwe3/6-report-afr-review-of-procurement-policy-guidelines-r5.pdf](http://www.qldc.govt.nz/media/mavfpwe3/6-report-afr-review-of-procurement-policy-guidelines-r5.pdf)

More information about the Audit, Finance & Risk Committee can be found here:

<https://www.qldc.govt.nz/your-council/meetings-committees>