



## Procurement Policy

<b>Reference Number:</b>	G002
<b>Strategic Plan Theme:</b>	<i>Excellence in Assets &amp; Infrastructure</i>
<b>Strategic Plan Outcome:</b>	<i>Best Practice in Procurement and Contract Management</i>
<b>First Issued/Approved:</b>	21 July 2006
<b>Review Frequency:</b>	<i>Once during the term of the Council</i>
<b>Last Reviewed:</b>	1 August 2017
<b>Next Review Due:</b>	2019
<b>Responsible Officer(s):</b>	<i>Chief Executive Officer            Manager Corporate &amp; Community Services            Manager Assets and Infrastructure            Manager Planning and Regulatory Services</i>
<b>Council File Reference:</b>	9/63/1.1
<b>Applicable Legislation:</b>	<i>Section 49 Local Government Act 1999</i>
<b>Relevant Policies:</b>	<i>Internal Control Policy            Contracts and Tenders: Sale of Land &amp; Other Assets,            Risk Management Policy            Credit Card Policy &amp; Procedure            Fraud &amp; Corruption Prevention Policy            Prudential Management Policy</i>
<b>Related Procedures:</b>	
<b>Delegations:</b>	<i>Kingston District Council Delegations Register            Financial Delegations outlined in this policy</i>

## 1. INTRODUCTION

- 1.1 In compliance with Section 49 of the Local Government Act 1999 (**Act**), Council will act in accordance with this policy when acquiring goods and services.
- 1.2 Section 49 of the Act requires Council to prepare and adopt policies on contracts and tenders on:
  - 1.2.1 the contracting out of services; and
  - 1.2.2 competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
  - 1.2.3 the use of local goods and services.
- 1.3 Furthermore, Section 49 (a1) of the Act requires Council to develop and maintain policies, practices and procedures directed towards:
  - 1.3.1 obtaining value in the expenditure of public money; and
  - 1.3.2 providing for ethical and fair treatment of participants; and
  - 1.3.3 ensuring probity, accountability and transparency in all operations.
- 1.4 This Policy seeks to:
  - 1.4.1 define the methods by which Council can acquire goods and services;
  - 1.4.2 demonstrate accountability and responsibility of Council to ratepayers;
  - 1.4.3 be fair and equitable to all parties involved;
  - 1.4.4 enable all processes to be monitored and recorded; and
  - 1.4.5 ensure that the best possible outcome is achieved for the Council.
- 1.5 However, this Policy does not cover:
  - 1.5.1 non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts; or
  - 1.5.2 the disposal of land and other assets owned by the Council; or
  - 1.5.3 the purchase of land by the Council.

## 2. POLICY OBJECTIVE

Council aims to achieve advantageous procurement outcomes by:

- 2.1 enhancing value for money through fair, competitive, non-discriminatory procurement;
- 2.2 promoting the use of resources in an efficient, effective and ethical manner;
- 2.3 making decisions with probity, accountability and transparency;

- 2.4 providing reasonable opportunity for competitive local businesses to supply to Council;
- 2.5 appropriately managing risk; and
- 2.6 ensuring compliance with all relevant legislation.

### 3. **PROCUREMENT PRINCIPLES**

Council must have regard to the following principles in its acquisition of goods and services:

#### 3.1 *Encouragement of open and effective competition*

#### 3.2 *Obtaining Value for Money*

3.2.1 This is not restricted to price alone.

3.2.2 An assessment of value for money must include, where possible, consideration of:

3.2.2.1 the contribution to Council's long term plan and strategic direction;

3.2.2.2 any relevant direct and indirect benefits to Council, both tangible and intangible;

3.2.2.3 efficiency and effectiveness of the proposed procurement activity;

3.2.2.4 the performance history, and quality, scope of services and support of each prospective supplier;

3.2.2.5 suitability of the proposed goods or service;

3.2.2.6 whole of life costs;

3.2.2.7 Council's internal administration costs;

3.2.2.8 technical compliance issues;

3.2.2.9 risk exposure; and

3.2.2.10 the value of any associated environmental benefits.

#### 3.3 *Probity, Ethical Behaviour and Fair Dealing*

Council is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations.

#### 3.4 *Accountability, Transparency and Reporting*

#### 3.5 *Ensuring compliance with all relevant legislation*

3.6 *Encourage the development and competitiveness of local business and industry.* Where the evaluation criteria are comparable, Council may consider the following:

- 3.6.1 the creation of local employment opportunities;
- 3.6.2 increased availability of local servicing support;
- 3.6.3 increased convenience with the supplier for contract management;
- 3.6.4 economic growth within the local area;
- 3.6.5 benefit to Council of associated local commercial transaction; and/or
- 3.6.6 the short and long term impact of the procurement on local business.

### 3.7 *Environmental protection*

Council will seek to:

- 3.7.1 adopt purchasing practices which conserve natural resources;
- 3.7.2 purchase recycled and environmentally preferred products where possible;
- 3.7.3 integrate relevant principles of waste minimisation and energy;
- 3.7.4 provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.

### 3.8 Identification and Management of Risk

- 3.8.1 Council will ensure that appropriate practices and procedures of internal control and risk management are in place for its procurement activities including risk identification, assessment and implementation of controls.

## 4. **METHODS OF PROCUREMENT**

The Council may, having regard to its Procurement Principles and any other factors utilise one or more of the following procurement methods:

### 4.1 *Direct Purchasing*

- 4.1.1 Council purchases from a single source, without first obtaining competing bids.
- 4.1.2 This method may be suitable for low value, low risk goods and services, and where the supplier already has a successful service history with the Council.
- 4.1.3 Methods of direct purchasing include petty cash, corporate credit cards and purchase orders.

### 4.2 *Quotations*

- 4.2.1 Council obtains quotations from prospective suppliers.
- 4.2.2 Generally, a minimum of two quotations are sought, subject to the value of the purchase in accordance with clause 5.1.
- 4.2.3 Where possible, the Council should request written quotes.

4.2.3.1 If a written quote cannot be obtained, the Council must keep detailed written records of the verbal quote obtained, including details of the commercial terms of the quote.

4.2.4 This method may be suitable for low value, low risk goods and services.

#### 4.3 *Request for Quotations (RFQ)*

4.3.1 This is where Council obtains written quotations from prospective suppliers.

4.3.2 Generally, a minimum of three written quotations are sought.

4.3.3 This method may be suitable for simple, largely price-based purchases.

#### 4.4 *Request for Tenders (RFT)*

4.4.1 This is where the Council issues a tender for a proposed goods and/or service.

4.4.2 Council may issue a “Select” Request for Tender where it has reasonable grounds for only dealing with a select group of potential suppliers.

4.4.3 Otherwise, Council may issue an “Open” Request for Tender.

#### 4.5 *Strategic alliances*

4.5.1 This is where the Council undertakes procurement through contract arrangements already established and administered by other organisations, including:

4.5.1.1 LGA Procurement;

4.5.1.2 Limestone Coast Local Government Association;

4.5.1.3 a purchasing group of which the Council is a member;

4.5.1.4 State Government contracts.

### 5. **CONSIDERATIONS FOR THE COUNCIL**

The appropriate method of procurement will be determined by reference to a number of factors, including:

### 5.1 *Value of the Purchase*

<b>Value of Purchase (\$)</b>	<b>Method of Procurement</b>
Less than \$5,000	Direct purchase *Purchase orders not required for purchases less than \$100.
\$5,001 - \$25,000	Quotations – Minimum of 2 quotes
\$25,001 - \$60,000	Formal Request for Quotation
\$60,001 +	Request for Tender

The value of the purchase will be calculated as follows:

- *single one-off purchase* – the total amount, or estimated amount, of the purchase (excluding GST);
- *multiple purchases* – the gross value, or the estimated gross value, of the purchases (excluding GST).

5.2 *cost of an open market approach versus the value of the acquisition and the potential benefits;*

5.3 *the circumstances of the procurement activity;*

5.4 *the objectives of the procurement;*

5.5 *the size of the market and the number of competent suppliers;*

5.6 *the Council's leverage in the marketplace;*

5.7 *time constraints;*

5.8 *an assessment of the risks associated with the relevant activity and /or project, including the risk profile of the procurement and any risks associated with the preferred procurement method.*

## 6. **EXEMPTIONS FROM THIS POLICY**

Council acknowledges there may be 'ongoing purchases' with suppliers where multiple annually purchases are made, and where the supply market is known. To require quotations or tenders for such purchases would generally be of an immaterial benefit to Council and therefore an exemption may apply. *Examples may include fuel, miscellaneous stationary, minor hardware etc. etc.*

This Policy contains general guidelines to be followed by the Council in its procurement activities. There may be emergencies, or procurements in which a tender process will not necessarily deliver the best outcome for the Council, and other market approaches may be more appropriate.

In certain circumstances, the Council may waive application of this Policy and pursue a method which will bring the best outcome for the Council. The Council must record its reasons in writing for waiving application of this Policy.

*Some examples of when it may be appropriate for the Council to waive application of this Policy are:*

- (a) *emergency situations threatening life and property; or*
- (b) *the supply market is known; or*
- (c) *timing constraints*

## 7. TENDER ASSESSMENT PANEL

7.1 When a tender process is required a Tender Assessment Panel must be established.

7.2 The purpose of the Tender Assessment Panel is to:

- (a) prepare a clear and accurate specification that meets the objectives of the organisation, contemplates specific operational needs and considers the available budget;
- (b) determine the tender method (open tender or select tender);
- (c) determine the tender assessment criteria and associated weighting scores for each;
- (d) evaluate each complying tenders in accordance with established criteria; and
- (e) make a recommendation to Council.

## 8. PANEL MEMBERSHIP

8.1 For tender procurements that are estimated to be **less than \$150,000 (excl. GST)**, the membership of the panel will consist of a minimum of two (2) members. Membership may be a combination administrative staff, external expert or a member of the LGA Procurement Team.

8.2 For tender procurements that are estimated to be **greater than \$150,000 (excl. GST)**, the membership of the panel will consist of a minimum of four (4) members. Membership will include two (2) administrative staff, two (2) elected members and if required, an external expert or a member of the LGA Procurement Team.

8.3 The appointment of elected members to a tender assessment panel requires a resolution of Council.

## 9. DELEGATIONS

9.1 Council makes delegations to the Chief Executive Officer pursuant to the Local Government Act 1999, including the power to expend Council's approved budgeted funds. This power is sub-delegated to other Council staff. Only Council staff and approved representatives with delegated authority pursuant to Section 44, 101 and 137 can incur expenditure on behalf of Council.

9.2 To provide transparency of procurement processes, all Requests for Tender will be presented to Council for decision.

9.3 All procurement must be made in accordance with the following financial delegations:

<b>Position</b>	<b>Procurement Limit</b>
Chief Executive Officer	In accordance with approved budget
Manager Assets & Infrastructure	\$30,000
Manager Corporate & Community Services	\$10,000
Manager Planning & Regulatory Services	\$10,000
Team Leader Transport	\$5,000
Team Leader Parks & Gardens	\$5,000
Finance Officer	\$5,000
Rates and Property Officer	\$5,000
Mechanic/CWMS Maintenance Worker	\$5,000
Kingston Caravan Park Management	\$2,000

## 10 POLICY REVIEW

The effectiveness of this Policy shall be reviewed annually. The Chief Executive Officer of the Council will report to Council on the outcome of the evaluation and make recommendations for amendment, alteration or substitution with a new policy.

## 11 AVAILABILITY OF POLICY

This Policy will be available for inspection at the Council's Offices during ordinary business hours and via the Council's website [www.kingstondc.sa.gov.au](http://www.kingstondc.sa.gov.au). Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Fees and Charges Policy.

## 12 ADOPTION OF POLICY

Document History	Issue Date	Resolution Number	Comment
	21 July 2006	3709	Policy adopted by Council.
	20 July 2007	4308	Policy reviewed by Council
	29 April 2011	7209	Policy reviewed by Council
	18 November 2011	7598	Policy reviewed by Council
	23 September 2016	9628	Policy reviewed by Council
	28 April 2017	9773	Policy reviewed by Council
	1 August 2017	9869	Policy reviewed by Council