



City of
Norwood
Payneham
& St Peters

NAME OF POLICY: Procurement Policy

POLICY MANUAL: Governance

This Policy is to be read and applied in conjunction with the Procurement Policy Guidelines.

BACKGROUND

This Policy provides a framework for procurement activities which are undertaken by the City of Norwood Payneham & St Peters (the “Council”) and applies to all employees of the Council involved in the procurement of any goods and services during the course of performing their duties.

In accordance with Section 49 of *the Local Government Act 1999 (Act)*, Council employees must refer to this Policy when purchasing goods and services.

Section 49 of the Act, requires the Council to prepare and adopt policies in respect to contracts and tenders covering the following:

- the contracting out of services;
- competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
- the use of local goods and services.

In addition, Section 49 (a1) of the Act, requires the Council to develop and maintain policies, practices and procedures which are directed towards:

- obtaining value in the expenditure of public money;
- providing for ethical and fair treatment of participants; and
- ensuring probity, accountability and transparency in all operations.

This Policy therefore seeks to:

- define the methods by which the Council will acquire goods and services;
- demonstrate accountability and responsibility of the Council to its community;
- be fair and equitable to all parties involved;
- enable all processes to be monitored and recorded; and
- ensure that the best possible outcome is achieved for the Council and in turn the community.

However, this Policy does not cover:

- non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts; or
- the disposal of land and other assets owned by the Council; or
- the purchase of property by the Council.

This Policy is to be read in conjunction with the Procurement Policy Guidelines.

KEY PRINCIPLES

The following key principles underpin all procurement activities which are undertaken by the Council:

- **Value for Money** is about achieving the best outcome at the most appropriate price. This includes taking into account fit-for-purpose, whole-of-life cost, timeliness, flexibility to adapt to the needs of the project/supply, quality of product, sustainability, intangible costs/benefits, service, support and warranty.
- **Open and Fair Competition** is ensured by providing equitable and appropriate access to the Council's procurement activities. The Council recognises the commercial and economic benefits of open and effective competition. The Council will encourage healthy competition in the markets from which it purchases.
- **Ethical Behaviour and Fair Treatment** is necessary to ensure an appropriate purchase using public money. Council employees have a responsibility to act honestly and impartially and behave with fairness, independence, openness, integrity and professionalism to ensure probity in a procurement process. Council employees will observe the Council's Behavioural Standard Policy at all times during the conduct of procurement processes.
- **Risk Management** ensures that appropriate risk management practices are in place for procurement activities including risk identification, assessment, and implementation of controls.
- **Professional Integrity and Probity** ensures that the highest ethical and professional standards are observed in the Council's business dealings. The Council aims to achieve integrity in its procurement activities through accountable and transparent processes. The Council respects the rights of contractors and suppliers, including the right to confidentiality and the expectation to be treated fairly and without bias at all stages of the procurement process.
- **Compliance with Statutory Obligations** refers to the obligation to comply with all legal and common law obligations.
- **Social, Economic and Environmental Sustainability** – The objective for all of the Council's activities is to achieve Community Well-being. The Council is committed to maximising the positive impact of its activities to benefit the local community, its economy and the environment. Where all other considerations are equal, the Council may give preference to a local supplier to ensure local employment opportunities, economic stability and/or growth. In addition, in order to minimise the Council's impact on the environment, the Council will, where all other factors are equal, purchase to achieve the following outcomes:
 - conservation of natural resources;
 - purchase of environmentally friendly or recycled products;
 - integrate principles of waste minimisation and energy reduction; and
 - provide leadership to local business and the community in promoting the use of environmentally sensitive goods and services.
- **Financial Responsibility** ensures that the Council's employees procure goods or services where there is an approved and allocated budget for that purchase and where the Council employee with the appropriately delegated financial authority approves the purchase.

POLICY

Methods of Procurement

The Council will generally purchase goods or services in accordance with the table contained in the Procurement Policy Guidelines. The determination of the method of procurement will be documented, outlining why it is determined that the method used is the most appropriate for that particular purchase. Amounts quoted are annualised amounts for a particular supply of goods or services.

Splitting of amounts to bring expenditure within lower limits is not permitted.

For the purpose of this Policy, the

- single one-off purchases shall be the total or estimated amount of the purchase (excluding GST);
- multiple purchases shall be the gross annual or estimated gross annual value of all items to be purchased (excluding GST); or
- ongoing purchases over a period of time shall be the annual gross value or estimated gross annual value (excluding GST).

Purchases undertaken by the Council can be made using the following procurement methods:

- **Direct sourcing** – to be facilitated either by petty cash, invoice or by credit card.
- **Quotations** – to be sought for one-off purchases only and are usually for purchases of low value, complexity and risk. Quotations are to be received in writing and recorded in Council's records management system. Where there are higher risk factors inherent within a purchase, Council employees will need to consider the use of a formal contract and formal evaluation criteria.
- **Tender** – where a tender process is used in the procurement of goods or services, the tenders shall be conducted in accordance with this Policy and the supporting Procurement policy Guidelines.
- **Expression of Interest** – this method is generally used to gauge market interest and capability or interest in supplying goods or services, and is followed by a select tender process.
- **Registration of Interest** – this method is used to generate a Preferred Supplier list for a particular supply of Goods, Works or Services and consists of open advertisement of opportunities for a set period defined by the Conditions of Registration and ensures that Preferred Suppliers meet predefined criteria and prudential standards to be Contractors for the Council.

Prequalification of Suppliers

Where possible, the Council may establish contracts by conducting a pre-qualification process for contractors. Each of these pre-qualification processes will be conducted in accordance with the appropriate Registration of Interest process. Participation in this process allows contractors to be appointed as a Preferred Supplier for particular types of goods and or services. Contracts established under this method, will require quotations to be sought from Contractors for each procurement activity.

Panel Contracts

Where appropriate, panel contracts may be established for particular types of goods or services and these constitute a standing offer. Panel Contracts may be appropriate where:

- there are a number of suppliers who can provide the goods and or service;
- there is an ongoing demand for the particular goods and or service;
- the peak requirement for the goods and or service cannot be adequately predicted;
- the volume or type of work may be too difficult for one supplier to undertake at any point in time; and/or
- there is a commercial advantage to the Council in having a choice of suppliers to select from.

Strategic Alliances

Purchases can be made through strategic alliances with the aim of:

- reducing direct and indirect purchasing costs;
- providing tangible benefits through joint purchasing;
- improving delivery and/or quality of Services to residents; and/or
- attract more competition or a more suitable field of providers to respond to the tender call.

Strategic alliances include but are not limited to:

- Local Government Corporate Services (LGCS).
- Procurement Australia (PA).
- Australian State or Federal Contracts.
- G6 Procurement Group.
- Ad-hoc alliances created with other Local Government entities (eg. Eastern Region Alliance).

Exemptions from the Policy

Exemptions from the processes and requirements of this Policy may be approved as follows:

- Up to the value of \$10,000, General Managers may approve; and
- Above the value of \$10,000, the Chief Executive Officer may approve.

All requests for exemption from this Policy must be made in writing and must outline the reasons for the request and any risks which may be involved in not complying with this Policy.

Requests for exemptions which are approved, must be recorded in the Council's record management system.

Where a Funding Agreement specifies that the Council must follow a prescribed tendering or selection process which differs from that outlined in this Policy, the project funded under that Agreement is exempted from the requirements of this Policy.

Emergency Procurement

The provisions of this Policy can be suspended in emergency situations to ensure that purchases can be made in the most-timely manner to alleviate an emergency situation. The provisions for Emergency Procurement must not be used as an excuse for not complying with the Policy requirements.

For the purpose of this section, Emergency situations are restricted to:

Community

- genuine concerns for public health and safety;
- avoiding major expenses; or
- activation of the Emergency Response Plan.

Council Assets

- ensuring that residents, occupants, or hirers/users of Council-owned buildings and facilities are not subject to undue discomfort or hardship due to breakdown of building facilities or equipment;
- security of Council's assets;
- activation of the Council's Business Continuity or Emergency Management Plan; or
- determination of whether these situations apply will be at the discretion of the relevant Manager on a case by case basis.

Where a purchase is made under the Emergency Procurement provisions, the following will apply:

- expenditure must be within the employee's delegated financial authority;
- expenditure must be limited to that required to alleviate the emergency situation only; and
- the employee must ensure that appropriate methods of purchase are resumed as soon as practicable.
- the employee must inform their General Manager and immediate Manager, with details of the Emergency Situation and the actions undertaken to alleviate the situation, as soon as possible after the emergency situation.

Outsourcing

Any proposal to purchase by outsourcing of any service or function currently performed predominantly 'in house' by Council staff, must in any circumstance and all times, be approved by the Chief Executive Officer.

Public Consultation

Where a purchase requires community consultation, the consultation process must be conducted in accordance with the Council's Community Consultation Policy.

Work Health and Safety

The City of Norwood Payneham & St Peters will only engage Contractors and Suppliers who are able to maintain the required level of Work Health and Safety which is acceptable to the Council for the contract which they are engaged to undertake. As a minimum, this will be compliance with all applicable legislation, regulations, project requirements, standards and Council policies, and as specified in terms and conditions of contractual arrangements.

REVIEW PROCESS

The Council will review this Policy within 24 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's General Manager, Corporate Services, telephone 8366 4585.

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 25 May 2015.
This Policy was adopted by the Council on 1 June 2015.
This Policy was endorsed by the Audit Committee on 29 February 2016.
This Policy was adopted by the Council on 7 March 2016.
This Policy was endorsed by the Audit Committee on 26 February 2018.
This Policy was adopted by the Council on 5 March 2018.
This Policy was endorsed by the Audit Committee on 29 October 2018.
This Policy was adopted by the Council on 5 November 2018.
This Policy was endorsed by the Audit Committee on 29 October 2018.
This Policy was adopted by the Council on 5 November 2018.
This Policy was endorsed by the Audit Committee on 25 May 2020.
This Policy was adopted by the Council on 1 June 2020.
This Policy was endorsed by the Audit Committee on 25 July 2022.
This Policy was adopted by the Council on 1 August 2022.

TO BE REVIEWED

July 2024