

PROCUREMENT

Policy Type:	Council Policy
Responsible Department:	Corporate Services
Responsible Officer:	General Manager Corporate Services
Related Policies and Procedures	Code of Conduct for Council Employees Community Engagement and Public Consultation Policy Disposal of Surplus Non-Community Land Policy Fraud and Corruption Prevention Policy Gifts and Benefits Procedure Motor Vehicle Policy Projects Prudential Management Policy Purchase Card Policy Risk and Opportunity Management Policy Work, Health and Safety Contractor Management Policy
Date Adopted:	28 May 2012 (C420/12)
Last Council Review:	28 September 2015 (C257/15)
Next Review Date:	September 2018
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1. POLICY STATEMENT

This Policy has been developed, pursuant to the requirements of Section 49 of the *Local Government Act 1999*, for the acquiring of goods and services. It provides clear direction for procurement within the City of Unley to ensure consistency and control over procurement activities and to encourage best practice.

Non-procurement expenditure, such as sponsorship, grants, funding arrangements, donations, leases, licenses and employment contracts are not covered by this Policy.

A Procurement Framework is maintained to support this policy.

2. COMMUNITY PLAN OBJECTIVES

- 5.3 Good Governance and Legislative Framework
- 5.5 A Financially Sustainable Approach to Business and Planning Activity.

3. POLICY OBJECTIVES

This policy has been developed to provide clear accountability, consistency and transparency to all procurement activities of Council and ensure deliver of the following key objectives:

- providing for equitable and ethical behaviour in all procurement activities and fair treatment of suppliers and third parties
- obtaining value for money through tendering and negotiating practices
- ensuring probity, accountability, transparency and, where appropriate, reporting
- effective management of the end to end procurement lifecycle
- identification and management of risks, and
- ensuring that purchasing transactions are within delegated signing authority.

4. PRINCIPLES

The following key principles underpin all procurement activities at the City of Unley:

4.1 Open and Effective Competition

Procurement should, as far as is reasonably possible, be transparent and result in fair and effective competition in the provision of goods and services. Council will encourage healthy competition in the markets from which it purchases.

4.2 Value for Money

Council seeks to achieve value for money. The concept of best value is not restricted to price alone. The best value assessment will include a consideration of one or more of the following criteria together with other relevant factors pertaining to the individual procurement activity:

- contribution to the advancement of the Council's strategic priorities
- ensuring that the goods and/or service(s) meet the needs of the community through fitness for purpose, quality, services and support
- whole-of-life costs, including costs of acquiring, using, maintaining and disposal
- internal administration costs
- technical compliance issues
- risk exposure, and
- the value of any associated environmental, social and economic benefits.

4.3 Ethical Behaviour and Fair Dealing

Council values the highest ethical and professional standards in its business dealings. Council will aim to achieve integrity in its procurement activities through transparent processes. Council employees involved in purchasing are to behave with impartiality, fairness, independence, openness, integrity and

professionalism in their discussions and negotiations with suppliers and their representatives at all stages of the procurement process.

Council officers will observe the mandatory Code of Conduct at all times during the conduct of procurement activities and comply with all legal and common law obligations, including requirements of the Independent Commissioner Against Corruption Act 2012.

4.4 Social, Economic and Environmental Sustainability

Council is committed to maximising the positive impact of its activities to benefit the local community, its economy, and the environment.

The Council will endeavour to, at its discretion and to the full extent permitted by law, support local businesses. Where all other considerations are equal, Council may give preference to local contractors and suppliers by:

- actively promoting to local businesses opportunities to supply to the Council
- structuring the purchasing processes to be accessible to all businesses
- giving preference to local business when all other commercial considerations are equal
- ensuring, where possible, that specifications and purchasing descriptions are not structured so as to potentially exclude local suppliers and contractors.

Consideration may also be given, where practicable in the procurement process, to investigate the inclusion of not-for-profit organisations (social enterprises) that benefit the community (including the disadvantaged).

In addition, in order to minimise Council's impact on its environment, Council will, where all other factors are equal, adopt purchasing practices which conserve natural resources in a way that achieves value for money on a whole life basis by generating benefits for the organisation and the community.

4.5 Risk Management

Council will ensure that appropriate risk management practices are in place for procurement activities including risk identification, assessment, and mitigation.

Procurement risk assessments will influence the approach to market, with higher risk acquisitions requiring more formal procurement planning methodologies and higher levels of management oversight.

Probity Auditors will be used where it is considered appropriate when undertaking high risk, high value or complex contracts.

In respect to Work, Health and Safety (WHS), the Council will ensure that all contractors working for Council are committed to WHS management principles and obligations. Council will select, induct and monitor contractors and maintain WHS records relating to the work undertaken.

5. PROCUREMENT

5.1 Methods of Procurement

To meet the requirements in relation to open and fair processes, the Council will select an approach to market method best suited to the procurement activities.

The determination of the method of procurement will be typically documented by the preparation of an Acquisition Plan, detailing the most appropriate method for the purchase and the delegated officers involved at each level of the approval process.

The strategy and planning for the procurement process must be commensurate with the estimated monetary value and the level of risk to Council arising from the engagement. Strategic sourcing of goods and services requires planning using a systematic and fact orientated approach to optimize Council's supply base and to improve value overall.

For purchases where the estimated gross value of expenditure over the life of the contract exceeds \$100,000, the Council's usual practice will be to call for tenders.

Council reserves the right to undertake public or selected tenders and requests for expressions of interest whenever considered appropriate.

For the purpose of this policy, the value of any 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 of, or the estimated gross value of, all items to be purchased (excluding GST), or
- ongoing purchases over a period of time – the annual gross value of the purchases, or the estimated annual gross value (excluding GST).

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

Persons with financial delegated authority to procure will be responsible for ensuring appropriate practices and procedures for risk and opportunity management are observed.

Council may, in its absolute discretion, by resolution, having regard to the Procurement Principles and any other factors considered, utilise a different method of procurement.

5.2 Strategic Purchasing Cooperatives

Purchases may be made through strategic alliances and common use arrangements that are established and administered by other organisations with the aim of:

- reducing direct and indirect purchasing costs, and/or
- providing value for money through joint purchasing, and/or
- improving delivery and/or quality of outcomes to residents, and/or

- attracting more competition or a more suitable field of providers to respond to the tender call.

Where the Council accesses a contract from an approved provider, established in accordance with transparent competitive tendering processes, it is deemed that these are contracts resulting from a tender process. Such contracts do not require a further tender process and are not required to be recorded in the Register for Dispensation from Procurement Policy.

5.3 Dispensation from Policy

In circumstances where the Council enters into purchasing contracts, other than those resulting from a competitive process, the Council will record the reasons for entering into those contracts. These reasons must be identified in an Acquisition Plan and approval is required by the:

- relevant General Manager on the recommendation of the initiating officer if the value of the purchase is under \$100,000, or
- CEO if the value is over \$100,000.

Where the amount is over \$100,000 the purchase must be reported to the next available meeting of the Council's Audit and Governance Committee.

All such purchases, whether approved by a General Manager or the CEO, must be recorded in a register (Register for Dispensation from Procurement Policy) and reported to the Executive Management Team on a quarterly basis.

5.4 Negotiations

When requests for quotations, tenders or proposals have been invited for a contract for the carrying out of work or the supply of goods or services then Council may negotiate with one or more respondents.

Probity requirements must apply in respect to any negotiation undertaken.

The Council may close down a tender (shut down) if there are no suitable tender submissions received and proceed to negotiate with any one or more of the tenderers or any other person.

5.5 Contracting Out of Services

The Council may explore contracting out opportunities in lieu of internal service provision if greater value for money can be achieved to gain the most efficient and effective service delivery possible, subject to any restrictions or requirements contained within any enterprise based bargaining agreement. This includes the consideration of shared services opportunities with other Councils.

Any proposal to outsource any service or function currently performed predominantly 'in house' by Council staff is subject to delegation.

5.6. Confidentiality

Council will maintain confidentiality in regard to financial contractual arrangements with suppliers, subject to statutory obligations requiring certain tender and contract information to be made publicly available.

5.7 Sale and Disposal of Assets

For the sale and disposal of land and other assets, the following principles will apply:

- consistency with and relevance to Council's Corporate and Strategic Plans
- transparency and accountability in sale and disposal procedures and practices to ensure that the Council obtains the best price in the circumstances and that potential purchasers are given equal opportunity to purchase the land or assets
- compliance with statutory and other obligations (eg; Council policy Disposal of Surplus Non-Community Land)
- commercial confidentiality within legislative constraints, and
- other relevant factors deemed appropriate by Council.

Consideration must also be given to the Project Prudential Management Policy where relevant.

Council may utilise one or more of the following methods to sell or dispose of land and other assets:

- trade in
- public auction
- select tender
- open tender
- by agency agreement, or
- a direct approach to potential purchasers (for example, adjoining landholders).

Motor vehicle disposal is addressed in Council's Motor Vehicle Policy.

6. DEFINITIONS

<i>'Acquisition Plan'</i>	is a document that outlines the procurement methodology and strategy to be undertaken in procuring the required goods or services. This plan also details the approval delegation before the procurement strategy is commenced.
<i>'Direct sourcing'</i>	is the purchase of goods and/or services from a single source.

<i>'Dispensation from Procurement Policy'</i>	the deviation from policy to pursue a method of procurement that will provide the best outcome for the Council.
<i>'Procurement'</i>	is the complete action or process of acquiring or obtaining goods, services or property from outside Council at the operational level. For example, purchasing, contracting, and negotiating directly with the source of the supply through to acceptance and payment.
<i>'Strategic sourcing'</i>	is a process that continuously improves and re-evaluates purchasing activities to gain value.
<i>'Tender'</i>	a proposal, bid or offer that is submitted in response to a Request for Tender.

7. LEGISLATION/REFERENCES

This is a mandatory policy as required under the Local Government Act 1999 (Section 49).

The following is a list of various Acts and Regulations that apply to Council's diverse range of procurement activities. This policy is intended to supplement these instruments. Any inconsistency that may arise between this policy and a relevant Act or Regulation shall be resolved in favour of the act or regulations:

- Local Government Act 1999
- Competition and Consumer Act 2010 (Commonwealth)
- National Competition Policy
- Freedom of Information Act 1991
- Work Health and Safety Act 2012 (SA)
- Work Health and Safety Regulations 2012 (SA)
- Independent Commissioner Against Corruption Act 2012
- Environmental Protection Act 1993.

8. POLICY DELEGATIONS

Council makes delegations to the Chief Executive Officer under the *Local Government Act 1999*, including the power to expend Council's approved budgeted funds. This power is sub-delegated by the Chief Executive Officer to other Council employees.

Delegated officers will be required to sign off the procurement process in an Acquisition Plan and at various stages throughout the purchasing process.

9. ROLES/RESPONSIBILITIES

- Manager Finance and ICT
- Co-ordinator – Procurement and Contracts.

10. AVAILABILITY

The policy is available for public inspection during normal office hours from:

Civic Centre
181 Unley Road
Unley SA 5061

A copy may be purchased for a fee as determined annually by Council.

It is also available for viewing, download and printing free of charge from the Council's website, www.unley.sa.gov.au

11. DOCUMENT HISTORY

Date:	Council/Committee/Internal	Comment:
20 Sept 2010	CSP 360/10	
27 Sept 2010	Council; C739/10	Was policy no. COU 22
14 May 2012	CSP 108/12	
28 May 2012	Council; C420/12	
1 Sept 2015	Audit & Governance; A&G18/15	
28 Sept 2015	Council; C257/15	Was policy no. COU14