



# Procurement Policy



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<b>Type:</b>	Council Policy
<b>Responsibility:</b>	Director Corporate Services
<b>Responsible Officer (s):</b>	Manager Financial Services
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<b>Last Review Date:</b>	22 August 2018
<b>Next Review Date:</b>	3 Years (August 2021)
<b>Legislation:</b>	<p>Local Government Act 1999 (SA)  Independent Commissioner Against Corruption Act, 2012  Competition and Consumer Act 2010 (Commonwealth)  National Competition Policy (Commonwealth)  Trade Practices Act 1974 (Commonwealth)  Local Government (Elections) Act, 1999 – Caretaker provision  Freedom of Information Act (1991)  Work Health and Safety Act 2012 and Regulations 2012  Ombudsman Act, 1972  Industry Advocate Act 2017</p>
<b>Related Documents:</b>	<p>Accounting Policies and Procedures Manual  Caretaker Policy  City of Prospect Delegations Register 2016  Code of Conduct for Council Employees  Code of Conduct for Council Members  Corporate Governance Framework  Procurement Protocols  Prudential Review Policy  Risk Management Policy  LGA - Procurement and Capital Works Economic Development Policy and Tools 2017  Environmental Action Plan 2018 – 2022  City of Prospects 2020 Strategic Plan  Reconciliation Action Plan (RAP) program</p>

# 1 Purpose

- 1.1 The Procurement Policy (the “Policy”) provides the governance framework and guidance to Council’s employees in their procurement of goods, services or works.
- 1.2 The primary objective of this Policy is to establish a framework of principles relating to the procurement activities undertaken by the City of Prospect (Council) as required under section 49 (a1) of the Local Government Act 1999 (Act).
- 1.3 The Policy demonstrates Council’s commitment to procuring goods, services and works in an open, fair, transparent and effective manner that ensures the maintenance of appropriate standards of probity and ethics throughout procurement processes, and delivers the best outcome for Council.

# 2 Scope

- 2.1 This Policy applies to all Council employees when undertaking procurement activities on behalf of Council.
- 2.2 Procurement encompasses the whole process of procuring goods, services and works and begins when Council has identified a need and has decided on its procurement requirement.
- 2.3 This Policy does not cover:
  - 2.3.1 non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and Council employment contracts;
  - 2.3.2 the disposal of land and other assets owned by Council; or
  - 2.3.3 the purchase of land by Council.
- 2.4 This Policy has been developed to ensure Council employees and Elected Members are aware of specific provisions in the Independent Commissioner Against Corruption Act 2012 (ICAC Act), and the provisions in relation to procurement activities as identified by the ICAC Act.

# 3 Policy Statement

- 3.1 Council aims to achieve sound value for money procurement outcomes through the conduct of efficient, timely and cost effective processes, ensuring appropriate levels of probity, diligence, transparency and accountability.
- 3.2 Key principles of this Policy will form the basis of procurement activity to deliver sound procurement outcomes within an acceptable managed level of risk.
- 3.3 Council will seek to deliver services to the community in the most efficient and effective manner, assessing opportunities for internal and/or external delivery to meet the business needs.

- 3.4 Council will ensure consideration of opportunities for collaborative or strategic alliance undertakings with other Councils and regional subsidiaries, State Government, LGA Procurement etc., where deemed appropriate.
- 3.5 Council administration will have discretion, having regard to its Procurement Principles and any other factors considered relevant, in its determination of the procurement method to be utilised.

## **4 Procurement and Governance Principles**

- 4.1 Council Officers who are required to procure on behalf of council will receive suitable training prior to undertaking any procurement activity. If the procurement is beyond the normal procurement activities of council, by value or complexity, then specialised external assistance must be sought.

- 4.1.1 **Value for money:**

- Identifies the best outcome for the most appropriate price. Undertaking a comparative analysis of all costs and benefits, including potential for disposal opportunities of each procurement throughout the whole of its lifecycle; to align with Councils strategic directions.

- 4.1.2 **Open and effective competition**

- Council will create effective competition by maximising the opportunities for firms to conduct business with Council through the selection of procurement methods suited to market conditions.

- 4.1.3 **Ethical behaviour and fair treatment**

- Council officers involved in procurement will act in the highest ethical professional standard and will not use or disclose information that confers unfair advantage, financial benefit or detriment on a supplier. Ethical behaviour encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency in all discussions and negotiations.

- 4.1.4 **Probity, Accountability and Transparency**

- Council has the responsibility of ensuring that any procurement process is transparent and that its decisions are justified.

- 4.1.5 **Risk Management**

- Ensures the appropriate risk management practices are applied for identification of risk, assessment and implementation of risk mitigation controls, in line with Council's Risk Management framework.

- 4.1.6 **Work Health and Safety**

- All suppliers will, as a minimum, be capable of and agree to comply with the standards prescribed by the Work Health and Safety Act 2012 and its Regulations.

#### 4.1.7 **Economic Development of South Australia**

Council procurement plays an important role in the economic development of South Australia. Promotion of employment, capital investment and support of supply chains in our immediate region and broader state should be actively favoured when procurement decisions are made by Council.

#### 4.1.8 **Reconciliation Action Plan**

Council is committed to the Reconciliation Action Plan (RAP), and more broadly the national reconciliation movement.

Through the membership of Supply Nation Council has access to the largest database of verified Indigenous businesses. Council officers should consider these suppliers, and other similar, when considering the market approach.

When evaluating suppliers for a particular procurement, weighting can be applied to support the national reconciliation movement.

#### 4.1.9 **Local Focus**

Where the assessment against the evaluation criteria is comparable, and a sufficient local market exists, consideration may be given to the development of local business and/or industry, measurable economic growth, local employment and/or the opportunity for capital investment.

#### 4.1.10 **Environmental Sustainability**

Environmental sustainability involves the inclusion of relevant environmental factors in a decision to purchase goods, services and/or tenders with a view to maintain the health and quality of the environment, conserve resources, minimise waste and protect human health.

Environmentally friendly products are goods that through their design and / or manufacture, or for a service through its delivery are

- Wholly, or in part recyclable, biodegradable, or compostable
- Offer repeat or multi usage over a period of time and not single-use
- Conserve of natural resources
- Integrate principles of waste minimisation and energy reduction
- Provide enhanced protection human health and well being
- Provide leadership to local business and the community in promoting the use of environmentally sensitive goods, works or services.

Council Officers should consider suppliers who are able to supply environmentally friendly products, when considering their market approach.

When evaluating suppliers for a particular procurement, weighting can be applied to support suppliers who can supply more environmentally friendly products.

## **5 Approvals**

### **5.1 Delegations**

5.1.1 Council employees may only procure goods, services and works where an approved budget exists and where appropriate financial authority is exercised prior to the purchase.

5.1.2 Delegated authority for execution of Contracts under section 36 of the Act is a formal instrument of delegation of the CEO, which may also be sub delegated to Directors under section 37 (b) of the Act.

*A Contract Register* will be maintained and made available via the Councils intranet, this will provide visibility of all current contracts to which Council is committed.

5.1.3 Only Council officers with authority delegated by the CEO under section 137 of the Act can approve financial expenditure on behalf of Council.

*A Financial Delegation Register* will be maintained made available via the Councils intranet. Where possible there financial delegation will be reflected in financial software applications thus enforcing their application.

5.1.4 Segregation of duties is required for the engagement and payment of procurement.

5.1.5 Employees working within an acting role will receive procurement training commensurate with the role for which they are acting.

5.1.6 Expenditure outside budget requires the formal approval of Council.

### **5.2 Dispensation from Policy**

5.2.1 Under normal business conditions

The Council and CEO may determine to deviate from the requirements of this Policy should conditions exist that a more optimal outcome would be achieved by doing so.

*A Dispensation from Procurement Policy Register* will be maintained summarising each such occurrence and the reason for dispensation. This will be reported to Council and Executive Leadership Team on a quarterly basis ensuring full visibility and accountability are maintained.

### 5.2.2 Emergency Purchases

Council may undertake procurement activities during an emergency taking into account Council's procurement objectives, as an exemption under the following circumstances:

- (1) In the interest of public safety
- (2) To avoid major expenses from an unplanned event
- (3) To provide security of Council's assets eg invoking the Emergency Response Plan or Business Continuity Plan.

For expediency, suppliers with current contractual arrangements will be given consideration in first instance. Where a purchase is made under this clause, the expenditure will be limited to that required to alleviate the emergency situation only. A report be provided to Council regarding the expenditure after an emergency has been declared by the Chief Executive Officer.

This Policy will be abided by as soon as the emergency situation is alleviated.

## **6 Procurement Methods**

- 6.1 Council adopts the Industry Participation Policy (IPP) and practices as implemented by the State Government of South Australia.
- 6.2 Generally, open and fair competition is best achieved by undertaking a tender process so that all interested parties have an opportunity to bid. However, there may be procurements in which a tender process will not necessarily deliver the most advantageous outcome for the Council – in such instances, other market approaches may be more appropriate.

## **7 Confidentiality**

- 7.1 Council will maintain the confidentiality of information provided by suppliers in any procurement process both during the process and for the period after until documents are destroyed in accordance with statutory requirements.

## **8 Records**

- 8.1 Council will ensure an appropriate written audit trail of the procurement process, including supporting documentation rationale for procurement activity, decisions throughout the entire life of the procurement.

## **9 Complaints**

- 9.1 Any complaint about the way in which a procurement process was undertaken will be dealt with in accordance with Council's Grievance Policy.

## **10 Review**

- 10.1 The Policy will be reviewed once per Council term or as required by legislation.

## **11 Access to the Policy**

- 11.1 The Policy is available for public inspection on Council's website [www.prospect.sa.gov.au](http://www.prospect.sa.gov.au) and from Customer Service at the Civic Centre, 128 Prospect Road, Prospect SA 5082.