

2.31 Procurement

POLICY TITLE: PROCUREMENT
FILE REF: SC67
EXPIRY DATE: SEPTEMBER 2025

OBJECTIVES

The objectives of this Policy are to:

- 1) Obtain the best value for the community through effective, responsible, ethical and transparent procurement methods.
- 2) Ensure compliance with the legislative framework including the Local Government Act 1993 and the Local Government (General) Regulation 2005.
- 3) In accordance with section 8A (b) of the Local Government Act, "... carry out functions in a way that provides the best possible value for residents and ratepayers".
- 4) Encourage and support local suppliers and support local economic activity within the Lockhart Shire, where it is efficient to do so, while achieving Council's overall "value-for-money" objectives.

GENERAL PRINCIPLES

- 1) Council's "value-for-money" objectives will be pursued having regard to legislative compliance, consideration for the environment, work health and safety and the achievement of Council's community, social and economic policies.
- 2) Best value for money does not automatically mean the lowest price. Council will balance all relevant factors including initial cost, whole-of-life costs, quality, reliability and timeliness in determining true value for money.
- 3) Part of obtaining best value also includes ensuring all our business relationships are honest, ethical, fair and consistent. In this regard Councillors and Council officers shall:
 - a) Deal fairly, honestly and ethically with all individuals and organisations
 - b) Avoid any conflicts of interest (whether real or perceived).
 - c) Treat all suppliers with impartiality and fairness and ensure they are given equal access to information and opportunities to submit bids
 - d) Fully and clearly document all procurement activities and decisions to provide an effective audit trail and to allow for effective performance review of contracts.
 - e) Purchase, wherever reasonably possible, energy efficient equipment, products containing recycled materials and environmentally friendly products.
 - f) Have regard to the health and safety of Council employees when purchasing machinery and equipment or other goods or services to be used by staff in the course of their employment.
 - g) Not invite tenders unless the Council has a firm intention to proceed to contract.
 - h) Not disclose confidential or proprietary information.
- 4) Goods and services shall only be purchased by staff authorised to place orders within their financial delegation approved by the General Manager or alternatively, with the support of a Council resolution as outlined in Schedule 1.

COLLABORATIVE ARRANGEMENTS

Council may participate join with other Councils and regional organisations such as REROC and the Riverina Joint Organisation and participate in other aggregated purchasing arrangements such as the Local Government Procurement Service, in the acquisition or sale of goods and services.

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BEST VALUE PROCEDURES

- 1) Procurement procedures include obtaining verbal quotes, obtaining written quotes, selective tendering and open tendering.
- 2) The appropriate procurement procedure, including the number of quotations to be obtained, will depend on the circumstances and the value of the goods or services being acquired. The minimum requirements for adopting the appropriate procurement procedure are set out in Schedule 1.

Quotations

- 1) For all quotations, clear criteria for assessment and specifications must be conveyed equally to each supplier quoting for the materials/service. Such criteria may include price, quality and value for money, delivery time, warranty, supplier ability, local knowledge, environmental and safety issues.
- 2) When assessing quotations received, the criteria used must be the same as those originally stipulated to the suppliers invited to quote.
- 3) Goods or services may be purchased without first obtaining the minimum number of quotations outlined in Schedule 1, in the following circumstances:
 - a) The goods or services are required for an emergency event and the immediate non-supply of the goods or service may pose a health, safety or financial risk to the Council and/ or the community.
 - b) There is only one suitable supplier for the particular good or service.
 - c) An insufficient number of quotations were received after publicly inviting quotations or expressions of interest.

In all such circumstances the reasons for not obtaining the required number of quotations set out in Schedule 1 shall be properly documented. The form attached as Schedule 2 may be used for this purpose.

Public Tender

- 1) Notwithstanding the above, the purchase of goods or services for which the estimated expenditure is \$250,000 or more (inclusive of GST) **MUST** be undertaken by public tender in accordance with the Local Government Act 1993 and Local Government (General) Regulation 2005.
- 2) The \$250,000 tender threshold applies to the total estimated value of the contract, i.e. the amount estimated to be paid or received over the full term of the contract including estimated extras, additions and extensions. Contracts must not be "split" to avoid the \$250,000 threshold.
- 3) Whenever Council is required by section 55 of the Act to invite tenders before entering into a contract, the Council must decide which of the following tendering methods is to be used.
 - a) Open tendering method by which tenders for the proposed contract are invited by public advertisement.
 - b) Selective tendering method by which invitations to tender for a particular proposed contract are made following a public advertisement asking for expressions of interest.
 - c) Selective tendering method by which recognised contractors selected from a list prepared or adopted by the council are invited to tender for proposed contracts of a particular kind.
- 4) The tender documents must include, in addition to the matters identified in the Local Government (General) Regulation 2005, criteria for selection and may include assessment of the tenderer's capability, qualifications, experience, technical compliance with the specification, financial capacity, cost (including whole of life costing where necessary) and environmental, health and safety issues. Consideration should be given, where practical, to the possible benefit to be gained from a tenderer whose geographical location may offer improved communication, response times, after sales service, reduced freight costs and local knowledge of conditions and sites.
- 5) The weighting points to be applied to each criterion should not be stated on the contract documentation nor revealed to tenderers. However, they must be determined by Council assessment staff prior to the opening of tenders. A sample Tender Evaluation form is attached as Schedule 3.
- 6) If a council amends tender documents after they have been issued to persons, it must take all reasonably practicable steps to inform those persons of the amendments.

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PROCUREMENT METHODS

- 1) The Council's standard methods for procuring goods and services shall be by one of the following:
 - a) Petty cash and other reimbursement systems.
 - b) Credit or debit card.
 - c) Purchase order
 - d) Contract or other legal agreement
 - e) Other arrangements authorised by the Council or the General Manager on a needs basis or as required in abnormal circumstances such as emergencies.
- 2) The appropriate procurement method will depend on the circumstances and the value of the goods or services being acquired. The minimum requirements for adopting the appropriate procurement method are set out in Schedule 1.
- 3) All the abovementioned procurement methods must be supported by relevant documentation.

REFERENCE DOCUMENTS

This policy should be read in conjunction with:

Policy 1.4 Code of Conduct

Policy 1.6 Statement of Business Ethics

Policy 1.19 Local Preference Purchasing Policy

Policy 3.18 Credit Card Use.

Reviewed by Council 19 September 2022

Refer Minute No. 198/22

Reviewed by Council 19 August 2019

Refer Minute No. 236/19

Reviewed by Council 18 March 2019

Refer Minute No. 45/19

Reviewed by Council 17 December 2018

Refer Minute No. 340/18

Changes adopted by Council 20 May 2013

Refer Minute No. 146/13

Adopted by Council 17 August 2009

Refer Minute No. 290/09

Adopted by Council – 21 August 2006

Refer Minute No. 268/06

SCHEDULE 1

Value of Purchase (GST Exclusive)	Procurement Procedure	Procurement Method	Approval & Authorisation
Less than \$3,000	1 verbal quote	Up to \$50 petty cash. Credit or debit card Purchase order	Staff with delegated authority
More than \$3,000 and less than \$15,000	2 verbal quotes	Credit or debit card Purchase order	Staff with delegated authority
More than \$15,000 and less than \$250,000	3 written quotes	Purchase order Acceptance letter Contract document	Staff with delegated authority or Council resolution
\$250,000 and more	Public tender – Open tendering – Selective tendering	Purchase order Acceptance letter Contract document	Council resolution

* Where only one quote is required, where practicable, the quote should be obtained from a local business.

SCHEDULE 2



Purchase Order Approval

(Where a public tender process under Section 55 of the Local Government Act is not required)

Project and Work Details:

File No.:

Job No.:

Please choose the most suitable option and tick the relevant box

(If Option 1 or 2 is selected, only Page 1 requires printing)

Amounts shown are GST inclusive.

- OPTION 1 Purchases less than \$3,000 and a minimum of (1) quotation (verbal or written) was obtained. (refer Table 1 below).
- OPTION 2 Purchases between \$3,000 and \$15,000 and a minimum of (2) quotations (verbal or written) were obtained. (refer Table 1 below).
- OPTION 3 Purchases between \$15,001 and \$249,999 and a minimum of (3) written quotations were obtained as given in Table 1 and further details Page 2.
- OPTION 4 Variation to Policy requested – refer Prices in Table 1 and further details Page 2.
- OPTION 5 Approved Contract Purchase – refer Prices in Table 1 and further details Page 2.

Table 1 – List of Prices received (in order of preference)

Name	Amount (incl. GST)

CERTIFICATION

I certify that;

- There are sufficient funds in the allocated Job No. to cover the purchase cost, and
- The purchase complies with Council's Procurement and WHS Policies, and the Code of Conduct.

APPROVED	Title	Name	Signature	Date
Purchase Order Number			Amount (incl. GST)	\$



Purchase Order Approval

(Where a public tender process under Section 55 of the Local Government Act is not required)

OPTION 3 – Purchases between \$15,001 and \$249,999

The purchase is between \$15,001 and \$149,999, and open quotes were sought in:-

- The local press
- The Sydney press
- Direct Request

and the quotes obtained in order of evaluated preference are given in Table 1 (previous page);

OPTION 4 – Variation to Policy

A variation to the Purchasing Policy is now requested for the reasons below:

OPTION 5 – Approved Contract Purchase

The purchase is being sourced through;

- A list of contractors approved through a formal expression of interest process
- Purchasing section preferred supplier
- State Govt contract
- A fixed period schedule of rates contract approved by Council
- Authorised by Council Resolution following rejection of all Tenders

Source Information / Contract: _____

The preferred Contractor is _____ as shown in Table 1, and was chosen on the basis of:

- Lowest Price,
- OR
- Other Reasons as follows: (Note: if the preferred supplier is not the lowest price then reasons for the choice must be documented)

SCHEDULE 3



PRICE/FEE - AMOUNT & RECEIVED FROM;

PROJECT/ACTIVITY:	
FILE No:	
PROJECT MANAGER:	
APPLICABLE BUDGET :	\$ -
NO. OF SUBMISSIONS :	0
AVERAGE PRICE :	
PREFERRED TENDERER :	

PRICE 1	
Enter Company Name	
Enter Company Contact Name	
COMPANY NAME	
Contact Details	
TENDERED/QUOTED PRICE/FEE IS	\$ -
ADD / SUBTRACT PC ITEMS	
REVISED TENDERED/QUOTED PRICE/FEE IS	\$ -
Local Contractor Claiming "Preference" Discount?	NO
Non-Local Claiming Local Content - Amount Claimed	\$ -
Applicable Local Preference Discount	\$ -
ASSESSABLE TENDER/QUOTE SUM	\$ -
TENDER &/OR PRICE/FEE SUBMITTED ON TIME ?	Yes
TENDER SCHEDULES COMPLETE ?	Yes
WITHIN BUDGET ?	IN BUDGET

CRITERIA	DESCRIPTION	WEIGHT	
1 PRICE/FEE	Price should include all indirect and direct costs	60%	#NUM!
Enter scores for the 'Non-Price Criteria'; Score from POOR (0) to EXCELLENT (10). Adjust % if required.			
NON - PRICE			
2 RELEVANT EXPERIENCE	The Applicant's experience and expertise in this type of work;	15%	
3 METHODOLOGY	Procedures and innovative methods, names of Sub Contractors/sub Consultants, ITP'S etc.. Applicant demonstrated clear understanding of Brief	10%	
4 MANAGEMENT SYSTEMS; WHS & QA, (Min 5% - Max 20%)	The Applicant's management ability to undertake the works with regard to Programming, Work Health Safety, Environmental Management and Quality Systems, Industrial Relations and management of Subcontractors and Suppliers	5%	
5 RESOURCES CAPABILITY	The Applicant's resource capabilities to carry out the works, including Financial, Availability of plant, equipment, materials and subcontractors	5%	
6 PROGRAM AND READINESS	Readiness/ability to begin and deliver project - Is the availability in line with Client expectations and realistic.	5%	
7		0%	
8		0%	
9		0%	
10		0%	
Total % for Non - Price Criteria =		40%	
TOTAL SCORE, (PRICE & NON PRICE CRITERIA) =			#DIV/0!
OVERALL RANKING =			#DIV/0!

TENDER/PRICE VALIDITY :	VALID
COMMENTS;	

- The weighted criteria tender/price assessment process above is based on the following principles;
1. selection criteria that reflect the critical elements of the project/task and that can be assigned a weighting,
 2. weightings that reflect the relative importance of the selection criteria,
 3. scores that are based on information submitted with the tender/price and
 4. normalising the non price criteria and the tender price before applying the weightings to allow for the true effect and advantage of the weighting system.