

A19 Procurement

Principle(s):

Wakefield Regional Council is committed to procuring and purchasing products, goods and services to deliver value to the local community and ensure risks are managed. It is guided in this approach through seven key principles:

1. Open and effective competition;
2. Value for money;
3. Probity, ethical behaviour and fair dealing;
4. Accountability, transparency and compliance;
5. Economic development of the Wakefield region;
6. Environmental protection;
7. Work health and safety.

Objective:

To ensure the end-to-end procurement process is managed in line with the guiding Policy principles, as Council strives to deliver the best possible value for the community.

Details:

Each of the Policy principles guides activities as defined below:

1. Encouragement of open and effective competition

In an effort to drive good outcomes, Council will follow appropriate procurement methods for different categories of expenditure/risk as detailed below and in the procurement methods matrix (ATTACHMENT A).

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 some procurement for which a tender process will not necessarily deliver the best outcome for Council.

2. Value for money to deliver the best outcomes for the community

An assessment of value will not focus solely on price but will also consider:

- Council's long term plans and objectives;
- Efficiency and effectiveness of the proposed procurement activity;
- Potential supplier's track record in delivering quality outcomes;
- Fitness for purpose of the goods or service;
- Whole of life costs;
- Risk exposure; and
- The principles of this Policy.

3. Probity, ethical behaviour and fair dealing

Council will behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations. Probity will be maintained through ensuring integrity, honesty and due confidentiality, and ensuring the directions of Council in relation to procurement activities are adhered to.

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Last review	May 2018
Next review due:	May 2022

4. Accountability, transparency and compliance

Procurement activities will adhere to all legislation, regulations, codes of practice in place. Delegations will be appropriate for the roles and clearly communicated. All reporting and information gathered through the course of the procurement activities will be well managed.

5. Economic development of the Wakefield region

To the full extent permitted by law, Council will seek to support local businesses by:

- Promoting to local businesses opportunities to supply to Council;
- Where all other commercial considerations are equal, giving preference to locally based suppliers;
- Ensuring, wherever possible, procurement specifications do not have the potential to exclude local suppliers and contractors.

At all times Council will evaluate 'local business support' in its tender processes on the basis of:

- Potential to create local jobs;
- Accessibility of – and proximity to – local good or services;
- Other potential for contributing to economic growth within the local area.

Locally based suppliers will include those who have a physical presence in the region. This presence may be a shop, depot, outlet, headquarters or other premises from where the goods or services specifically being provided are supplied.

6. Environmental protection

Council will have a preference for procuring recycled and environmentally sustainable products and/or choosing service providers who demonstrate a commitment to environmentally sustainable outcomes, including waste and energy minimisation.

7. Work health and safety

Council is committed to providing a healthy and safe environment and service providers will be required to adhere to the relevant Work Health & Safety procedures in place. Tenders for contracts will be accepted only from potential contractors that have appropriate (and auditable) systems to manage relevant WHS or that can demonstrate a capability to establish such a system prior to commencing the contract. Each contract should include a condition requesting for a project specific WHS Management Plan, based on a risk assessment, to be submitted to Council prior to the commencement of the Contract. Only those listed on Council's Approved Contractors List should be engaged. All plant or chemical purchases must comply with relevant WHS procedures.

Process

No goods or services are to be purchased by an officer unless they have been included in the approved budget of the Council, or have been approved by a decision of the Council. In emergencies goods and/or services may be purchased with the authority of the CEO (see 'Exemptions' below). Any un-budgeted items which are material in value must be reported to the next budget review of Council.

When an employee identifies that a particular good or service is required, the officer must use the appropriate procurement methods and steps. A simplified procurement flow chart and matrix are attached to support employees – refer ATTACHMENT B.

Records

A written record must be completed for any procurement where a tender process is not undertaken [FORM A], except for direct purchasing (via purchase or small works order).

Exemptions from this Policy

There may be situations where the preferred process will not necessarily deliver the best outcome for the Council, and other market approaches may be more appropriate. These situations include emergencies, where the supply market is known or timing/location constraints. In these cases, the Chief Executive Officer may waive application of this Policy and pursue a method which will bring the best outcome for Council. In the event of this occurring, the CEO must record his/her reasons, in writing, for waiving application of this Policy. [FORM B]

Delegations

The CEO has unlimited authority to procure goods, materials, works, services and consultancies, subject to the Council approved budget allocation, and may delegate such authorisation to other employees in accordance with Section 101 of the Local Government Act.

Complaints

All complaints lodged with Council regarding procurement issues will be addressed via Council's normal complaint handling policies, processes and relevant legislation.

Responsibilities:

The Chief Executive Officer is accountable for ensuring the proper operation of this policy.

Legislation:

Refer ATTACHMENT C – Legislation

References:

Contract Management documents and templates
WHS Contractor Management Policy & Procedure
Risk Management Policy & Framework
Prudential Management Policy
Plant Hazard Management Procedure
Hazardous Chemicals Procedure

Review:

This Policy shall be reviewed at least every four years, or more frequently if legislation or Council requires changes to the content. No revision or amendment of this Policy will affect any process that has already commenced.

Document history:

Version	Date	Description of change
1.0	Mar 2014 - Min 213	New Document
	November 2014	Policy Numbering System Changed and inclusion of this Document History Table.
2.0	April 2016 - Min 243	Policy objectives heading added. Inclusion referring to Prudential Management policy C10. Inclusion within item 4.1 table over \$10,000 Inclusion of supporting local business 1.3.6 and 2.2.2
3.0	May 2018	Major rewrite to simplify and change values for each method of procurement. New template.

ATTACHMENT A - PROCUREMENT METHODS

Value/risk of purchase (goods, materials, works, and/or services)	Method of procurement	Approach
Up to \$75	Petty cash	<ul style="list-style-type: none"> For quick/efficient purchases - every petty cash transaction must be recorded and supported by vouchers and/or dockets of expenditure.
Up to \$10,000	Purchase card	<ul style="list-style-type: none"> Corporate credit cards can be used in circumstances where a normal Council purchase order is not accepted or it is more efficient to use a credit card. Use must be in line with card requirements and delegations, as detailed in the Council's Internal Control Manual
Up to \$5000 and 'low risk' procurement	Informal quotations	<ul style="list-style-type: none"> Minimum of two quotations to be sought. Where possible, insist on written quotes. If written quote cannot be obtained, must keep record of verbal quote obtained, including details of terms of the quote. [Form C]
Up to \$20,000 and 'low risk' routine procurement – only for suppliers who have a successful service history with Council (except in the case of consultancies – see below)	Direct purchasing (via purchase or small works order)	<ul style="list-style-type: none"> Direct purchase – no competitive process and subject to available budget. Quote/estimate for work still required, unless in case of emergency. Employee must satisfy him/herself that the price is competitive, supplier is an approved or sole supplier, and that care is exercised to ensure sound business practices are followed. It is not necessary to issue a Purchase Order/Small Works Order for the following (as outlined in Council's Internal Controls Manual: <ul style="list-style-type: none"> <i>Fees or payments imposed under any Act;</i> <i>Payment pursuant to any binding Award;</i> <i>Payments pursuant to any court order;</i> <i>Allowances to elected/independent members;</i> <i>Software licencing;</i> <i>Purchases made via a corporate credit card;</i> <i>Debt collection legal and collection services;</i> <i>Donations;</i> <i>Auditors fees;</i> <i>Banking and income collection services;</i> <i>Borrowing costs (principal and interest);</i> <i>Leases and licences;</i> <i>Travel and accommodation;</i> <i>Conference/training and associated expenditure;</i> <i>Subscriptions and memberships;</i> <i>Fuel card purchases;</i> <i>Utility services where agreement exists;</i> <i>Periodic/fixed contract payments;</i> <i>Vehicle registrations;</i> <i>Insurance premiums and excess payments;</i> <i>Incidental insurance/freight charges;</i> <i>Monthly payroll creditors;</i> <i>Quarry royalties (recipient created invoice);</i> <i>Annual renewal of subscriptions to LGA/regional groups;</i> <i>Refreshment of supplies (coffee, milk etc);</i> <i>Goods purchased from petty cash;</i> <i>Postal freight and courier services.</i>

* Consultancies >\$10,000 for significant projects (on project-by-project basis <u>and</u> at every instance within project if extra funds required	Direct purchasing or informal quotations	<ul style="list-style-type: none"> • As described above, with but subject to Council authorisation, as described below. <ul style="list-style-type: none"> ○ Report to Council outlining proposed significant projects prior to undertaking such work, and; ○ Council must adopt a resolution granting authorisation before staff engage consultants.
* \$20-50,000 – for simple, largely price-based purchases only	Request for quotations	<ul style="list-style-type: none"> • Minimum of three quotations from prospective suppliers requested (and subject to consultancies above).
>\$20,000 – may be used when there is a large market for goods/services and Council wishes to prepare a shortlist of suppliers to invite to tender	Requests for expressions of interest (EOI)	<ul style="list-style-type: none"> • Open invitation issued for proposed goods/services
* > \$50,000	Request for tenders (RFT)	<ul style="list-style-type: none"> • Choose either ‘Select’ RFT when an EOI has already been issued or where there are reasonable grounds for only dealing with a select group (minimum two) of potential suppliers; <u>or</u> ‘Open’ RFT • Invitation to participate in tender process sent out. • EOIs assessed against relevant criteria.
* Standing offers	Panel contracts	<ul style="list-style-type: none"> • Relevant process undertaken (as above) to establish pool of preferred suppliers. • Standing offer for provision of goods/services on agreed terms established.
Defined strategic good/services	Strategic alliances	Procurement contract arrangements already established and administered by other organisations, such as LGA Procurement, South Australian Government contracts.

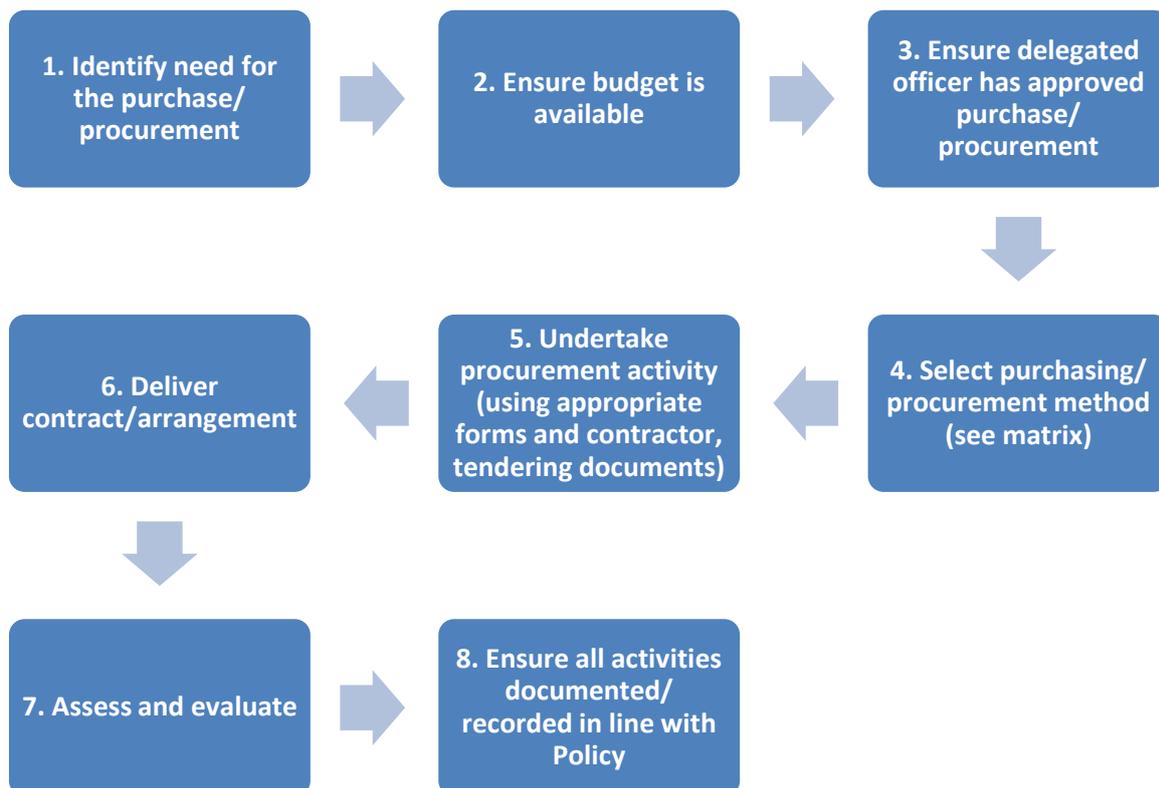
** These tenders and contracts should be evaluated as required and a record kept of that evaluation.*

The cost/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); or
- Ongoing purchases over a period of time – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST).

ATTACHMENT B – SIMPLE PROCUREMENT FLOW CHART AND MATRIX

SIMPLE PROCUREMENT PROCESS



PROCUREMENT MATRIX (value on left, risk level on top)

	Low risk	Low risk/suppliers with good track record with Council	May be a risk
Minimal value (up to \$75)	For quick purchases, you may be able to use petty cash	For quick purchases, you may be able to use petty cash	
Up to \$5K	You can seek informal quotes (minimum 2)	You may make a direct purchase (via purchase or small works order) or seek informal quotes	
Up to \$10K	Credit card may be used (subject to delegations and limits)	Credit card may be used (subject to delegations and limits)	
Up to \$20K*		You can make a direct purchase (via purchase or small works order)	You should use a tender process
Consultancies \$10-\$20K		You <u>must</u> have Council approval first. You can make a direct purchase (via purchase or small works order) or seek informal quotes (minimum 2)	You <u>must</u> have Council approval first. You should use a tender process
Simple, largely price-based purchases \$20-50K		Request for quotations required (minimum 3)	Tender process required (which may include EOI first)
Greater than \$50K			Tender process required (which may include EOI first)

* Excluding consultancies. ALL consultancies greater than \$10,000 must have Council approval.

ATTACHMENT C – RELEVANT LEGISLATION

The *Local Government Act 1999* governs the way Councils conduct their procurement activities.

Section 7 outlines the functions of Councils – activities which can be supported only through robust policies, including procurement.

Section 8 outlines the principles to be observed by Councils, including open, responsive and accountable government and giving due weight, in all plans, policies and activities, to regional, State and national objectives and strategies concerning the economic, social, physical and environmental development and management of the community.

Section 48 which outlines the prudential requirements for certain activities conducted by Councils.

Section 49 deals with the requirements for Contracts and Tenders policies:

(a1) A council must develop and maintain procurement policies, practices and procedures directed towards –

- (a) obtaining value in the expenditure of public money; and
- (b) providing for ethical and fair treatment of participants; and
- (c) ensuring probity, accountability and transparency in procurement operations.

(1) Without limiting subsection (a1), a council must prepare and adopt policies on contracts and tenders, including policies on the following:

- (a) the contracting out of services; and
- (b) competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
- (c) the sale or disposal of land or other assets.

(2) The policies must –

- (a) identify circumstances where the council will call for tenders for the supply of goods, the provision of services or the carrying out of works, or the sale or disposal of land or other assets; &
- (b) provide a fair and transparent process for calling tenders and entering into contracts in those circumstances; and
- (c) provide for the recording of reasons for entering into contracts other than those resulting from a tender process; and
- (d) be consistent with any requirement prescribed by the regulations.

(3) A council may at any time alter a policy under this section, or substitute a new policy or policies (but not so as to affect any process that has already commenced).

(4) A person is entitled to inspect (without charge) a policy of a council under this section at the principal office of the council during ordinary office hours.

(5) A person is entitled, on payment of a fee fixed by the council, to a copy of a policy under this section.

FORM A – PROCUREMENT VIA NON-TENDER METHOD



In line with Wakefield Regional Council's Procurement Policy, you must keep a written record for using any procurement method other than tendering – except for standard purchases. This form does not need to be completed for any direct purchase via purchase order or small works order.

This form must be used when procuring goods or services by the methods described below:

Informal quotation	For 'low risk' work with a value less than \$5000, where you are seeking a minimum of two quotes, including for consultancies
Request for quotation	For simple, largely price-based purchases only, with a value of \$20-50,000

Name of responsible employee:	
Position:	
Department:	Choose an item.
Supplier name:	
Goods/services being purchased:	
Form of procurement chosen:	Choose an item.
Reason for not seeking tender:	Choose an item. <i>Other reason:</i>

Signatures:

Employee: _____ Signature _____ Date _____ Manager: _____ Signature _____ Date _____

Please attach any supporting evidence.

This form and any attachments must be registered in Synergy. Please use the file number relating to the consultancy/services/goods to be purchased.

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FORM C – PROCUREMENT VERBAL QUOTATION RECORD FORM



In line with Council's Procurement Policy, it is considered appropriate to obtain informal verbal quotations rather than formal written quotations for the purchase of goods and/or services outlined below.

Details of goods and/or services

Record of verbal quotes provided (at least two)		
Supplier name:	Quote provided (\$):	Comments

Name of responsible employee:	
Position:	
Department:	Choose an item.
Form of procurement chosen:	

Signatures:

Employee:

Signature

Date

Manager:

Signature

Date

Please attach any supporting evidence.

[This form and any attachments must be registered in Synergy. Please use the file number relating to the consultancy/services/goods to be purchased.](#)

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