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Next Review Date:	December 2019
Responsible Officer:	Chief Executive Officer
Applicable Legislation:	<i>Section 49 Local Government Act 1999 –</i>
Relevant Policies:	<i>Policy 2.20 Fraud and Protection</i>
Related Procedures:	
Compliance Standard:	

1. POLICY OBJECTIVES

To ensure the District Council of Robe is providing a fair, transparent and accountable process for the provision of services and the purchasing of goods and services;

2. INTRODUCTION

This policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts.

All Council purchases must be carried out in compliance with the Local Government Act 1999 (the “Act”). In terms of specific requirements, Section 49 (1) of the Act requires Council to prepare and adopt policies on contracts and tenders, including policies on the following:

- ✎ The contracting out of services
- ✎ Competitive tendering and the use of other measures to ensure that services are delivered cost effectively
- ✎ The use of local goods and services
- ✎ The sale or disposal of land or other assets.

Pursuant to Section 49(2) of the Act Council must ensure that any policies on contracts/tenders and purchasing:

- ✎ 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
- ✎ Provide a fair and transparent process for calling tenders and entering into contracts in those circumstance
- ✎ Provide for the recording of reasons for entering into contracts other than those resulting from the tender process.

Council's purchasing activities aim to achieve advantageous procurement outcomes by:

- ⌘ Promoting value for money with probity and accountability
- ⌘ Advancing Council's economic, social and environmental policies
- ⌘ Providing reasonable opportunity for competitive local businesses to supply to Council
- ⌘ Appropriately manages risk
- ⌘ Promoting compliance with relevant legislation

3. RESPONSIBILITY

Council employees must comply with this policy when purchasing good and services. It is the responsibility of Council employees involved in the procurement process to understand the meaning and intent of this policy.

4. PROCUREMENT PRINCIPLES

It is the responsibility of Council employees involved in the procurement process to understand the meaning and intent of this policy being;

4.1 Open and effective competition

Purchasing should be open and result in effective competition in the provision of goods and services. Council must give fair and equitable consideration to all prospective suppliers.

4.2 Value for money

Council must harness its purchasing power to achieve the best value for money. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration of:

- i. Contribution to the advancement of Council's priorities
- ii. Fitness for purpose, quality, services and support
- iii. Whole-of-life costs including costs of acquiring, using, maintaining and disposal
- iv. Internal administration costs
- v. Technical compliance issues
- vi. Risk exposure
- vii. The value of any associated environmental benefits.

4.3 Encouragement of the development of competitive local business and industry

Council encourages the development of competitive local businesses, however no particular preference will be given to local suppliers of goods or services, since this could contravene Trade Practices Act and Competition Policy principles.

All decisions will be based on assessing suppliers in a fair and transparent manner.

4.4 Environmental protection

Council promotes environmental protection through its purchasing procedures. In undertaking any purchasing activities Council will:

- i. Promote the purchase of environmentally friendly goods and services that satisfy value for money criteria
- ii. Foster the development of products and processes of low environmental and climatic impact

- iii. Provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services
- iv. Encourage environmentally responsible activities

4.5 Ethical behavior and fair dealing

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.

4.6 Contractors

Contractors are obliged to comply with Council's policies on WHS and environmental protection.

5 SERVICE PROVISION OPTIONS

5.1 Council has a responsibility for undertaking works in a manner which provides best value, minimises risks and achieves the Council's operational and strategic goals. Service provision and purchasing are part of an evolving environment, so service delivery options may need to be varied from time to time by Council. As the nature and scope of work varies considerably, Council has identified the following options for the provision of services.

5.2 In-house provision

Council may best provide some services for several reasons, including:

- Emergency or quick response work may often be more easily accommodated;
- Detailed, local knowledge may be paramount to the proper execution of work;
- Council staff may be better trained or equipped for some types of work;
- Alternative providers may not have the specialist or extensive experience required;
- Council may need to maintain a high level of control or confidentiality;
- Legislation may require Council staff to undertake or certify the work.

5.3 Competitive tendering

Some services may be best provided through a competitive tendering process. The tendering process may involve Council staff competing with external providers for provision of the service, for example, where both Council staff and external providers have expertise in the particular job.

5.4 Direct contract

Some services may be best provided by direct contract, for example where:

- Council does not currently provide part or all of the service and alternative providers may have the specialist or extensive experience required;
- It is impractical for Council to allocate its resources on this occasion;
- Council requires independent advice or assistance;
- External providers may be better qualified or equipped for some types of work.

5.5 Subsidiaries

Under the Local Government Act (1999) Council can choose to establish an incorporated body for the delivery of services, or collaborate with other Councils

to establish a subsidiary.

5.6 Joint venture

Council can join with an organisation, Local Government authority, State Government authority or private sector company to deliver a service or undertake a project.

6 PURCHASE METHODS AND REQUIREMENT

The following are the “minimum requirements” desired. Additional criteria can be applied.

6.1 Goods and Services not exceeding \$5,000

A supplier shall be chosen giving consideration to best value not only for the purchase price, but also consideration to the cost incurred in obtaining the goods or service, having regard to quality, suitability and other relevant considerations.

6.2 Goods and Services exceeding \$5,001 but not exceeding \$20,000

A minimum of two quotations shall be invited so as to ensure a reasonable measure of competition and the most advantageous quotation received having regard to quality, suitability and other relevant considerations. Particulars of those quotations shall be recorded appropriately and reasons recorded for selecting the successful quote. Quotes must be recorded on file.

6.3 Goods and Services exceeding \$20,000 but not exceeding \$50,000

A minimum of three quotations shall be invited so as to ensure a reasonable measure of competition and the most advantageous quotation received having regard to quality, suitability and other relevant considerations. Particulars of those quotations shall be recorded appropriately and reasons recorded for selecting the successful quote. Quotes must be recorded on file.

Selected or open tendering can also be used, depending on the circumstances.

6.4 Goods and Services exceeding \$50,000 but not exceeding \$100,000

Undertake a tender process either by selected or open tender. This process to be approved by the Chief Executive.

6.5 Goods and Services exceeding \$100,000

Undertake a tender process through public tender invitation through advertisements in the tender pages of newspapers.

The above financial limits apply to an individual transaction, **the relevant purchase threshold is determined by the gross purchase price (net of GST)**. However, where an on-going relationship with a supplier is anticipated, the annual contract amount must be considered and appropriate tendering and approvals put in place based on this annual amount. ***Provided the goods and services are for individual works and/or projects the above financial limits will apply to an individual transaction. If there are a number of goods and services required from the same contractor for a single project then the accumulated amount will be treated in accordance with Section 6 (e.g. 3 individual services from the same contractor of say \$10,000 each for a single project would be treated as goods and services exceeding \$20,000 but not exceeding \$50,000 and require a minimum of three quotes.***

The following table classifies the purchase value and purchasing process:

Estimated Value Range	Purchasing Process	Purchasing Method	Type of Contract
\$5,000 and less	No quote required – purchase direct from supplier	Purchase Order	Terms and conditions on the back of the purchase order form
\$5,001 - \$20,000	A minimum of two quotes	Purchase Order	Terms and conditions on the back of the purchase order form Consultancy Contract
\$20,001 - \$50,000	A minimum of three quotes	Purchase Order	Terms and conditions on the back of the purchase order form Consultancy Contract
\$50,001 +	Tender Process	Local Government Procurement Selected Tender Open Tender	Council Standard Contract Consultancy Contract Local Government Procurement

Purchase Orders must be dated when raised and raised prior to invoices being issued.

The following nominated goods and services are exempt from requiring a Purchase Order:

- Utilities (water/electricity/gas)
- Insurance renewals (Local Government Association & Entities)
- Local Government Association & Entities/Limestone Coast Local Government Association subscriptions/memberships/fees
- Telephone charges
- Motor vehicle registration
- Australia Post services
- Valuer General valuation services
- NRM levy
- Refunds and reimbursements of expenses
- Contracted services
- Statutory Government fees/charges/licences
- Council/Committee allowances
- Dog and Cat Management Board fees
- Minor purchases less than \$300

7 VARIATIONS TO PURCHASE METHODS AND REQUIREMENTS

The following arrangements may allow variation to the Standard Purchase Methods and Requirements

- 7.1** Council Officers may use the services of businesses recommended by Local Government Association Procurement Services to obtain competitive pricing. This would negate the need for quotes and tenders as Local Government Association Procurement Services has already undergone an extensive

competitive tendering process prior to recommendation.

- 7.2** Council may use the services of neighboring Councils in the aim of achieving shared services in the region, whilst ensuring that the supply is cost effective and purchasing is undertaken within an approved purchasing policy.
- 7.3** In all the above cases, the Chief Executive Officer may authorise divergence from the above requirements due to an emergency sole supplier or urgent sole supplier or for any other cause (particulars of which emergency or urgency or other cause shall be indicated in the approval).

A report is to be presented to Council detailing any action which has been taken under Clause 7.3.

8 STAFF EXPENDITURE AUTHORISATION

Staff are provided with the responsibility of managing projects under their control. To ensure that staff are able to exercise control, staff and their managers, are provided with up to date financial information relating their budget lines and must report on these budget lines through their manager to Council on a monthly basis.

The following staff have delegated authority to sign purchase orders and contracts for the purchase of goods and services on behalf of Council in line with their project allocations up to the following limits.

Responsible Officer	Authorised Expenditure
Chief Executive	Unlimited for any purchase of goods and / or services within approved Council budgets, except for any specific requirement nominated by Council as requiring their express approval
Deputy Chief Executive	Within approved budgets \$50,000 for goods and services \$100,000 for goods and services against an approved contract
Works Operations Coordinator	Within approved budgets \$50,000 for goods and services \$100,000 for goods and services against an approved contract
Team Leader Works	Within approved budgets \$10,000 for goods and services \$20,000 for goods and services against an approved contract
Director of Childcare	Within approved budgets \$50,000 for goods and services \$100,000 for goods and services against an approved contract
Library / VIC Officer	Within approved budgets \$5,000 for goods and services \$20,000 for goods and services against an approved contract
General Inspector	Within approved budgets \$10,000 for goods and services \$50,000 for goods and services against an approved contract

Development Officer-Planning	Within approved budgets \$10,000 for goods and services \$50,000 for goods and services against an approved contract
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9 TENDER PROCESS

- 9.1** Before tenders are publicly invited Council shall prepare tender documents and then invite tenders for the contract for a duration period of at least 12 business days before the closing date for receipt of such tenders unless circumstances make a shorter period desirable as resolved by Council.
- 9.2** All tenders require a tender identification number and all invitations to tender must specify a closing date.
- 9.3** Tenders received before the closing date must be placed in a locked tender box located at the office.
- 9.4** As soon as practical after the closing date, the tender box shall be opened by senior staff which comprises the Chief Executive or Deputy Chief Executive and one other senior staff member.
- 9.5** The tender number, name of the tenderer and the date of opening shall be recorded in the tender file and each authorised person present shall initial the tender file immediately after the last tender is recorded for each submission.
- 9.6** Tenders received after the specified closing date and time shall remain unopened, the envelope marked late, the time, date and delivery and any reasons for late Tenders noted on the envelope and the tender file endorsed accordingly. The envelope containing such a tender shall be retained with the tender documents.
- 9.7** A tender marked late shall not be accepted for consideration without approval of the Council. A guiding principle in acceptance of a late tender for consideration will be evidence of posting by the tenderer before the closing date. All Tenderers will be notified if a late tender/tenders have been accepted.
- 9.8** Any unsuccessful tender shall be notified in writing within 10 days of a decision on the tender.
- 9.9** Council is not bound to accept the lowest or any tender.

10 SELECTION PROCESS

Suppliers will be selected based on an assessment.

- 10.1** The officer responsible for the tender process will assess tenders on the following criteria:
 - Best value
 - Price/Whole of Life Cost
 - Quality
 - Timeliness of delivery
 - Compliance with legislation (e.g. OHS&W)
 - Past experience with similar works
 - Technical, managerial, physical and financial resources
 - Any other relevant consideration, given the nature of the good or service.

10.2 The Officer responsible for the tender process will submit a report that summarises the tender assessment and makes a recommendation for approval to:

1. Council for tenders that relate to projects to the value of \$50,000 and above
2. The Chief Executive for all other tenders.

10.3 No particular preference will be given to local suppliers of goods or services, since this could contravene Trade Practices Act and Competition Policy principles. All decisions will be based on assessing suppliers in a fair and transparent manner against the above criteria.

11 RECORDS

All the procurement documentation (e.g. quotes/tenders/reasons for selecting quotes) must be recorded as official records in Council's Records Management System.

12 CONFIDENTIALITY

All information provided between tenderers and Council shall be treated as confidential information during the contract selection process.

Both the tenderer and Council shall undertake to maintain that information as confidential and commercial-in-confidence during the contract selection process and after the contract is formally awarded, except for information which the public has a right to know about after the contract is awarded, as follows:

- The name of the successful Tenderer
- The nature of the contracted work (location, type of work, benefit for the community)

12.1 If Council decides to deviate from the tender process outlined in the Procurement Policy then Council will record the reasons for deviating from the policy in the Council resolution and the Council resolution will be made public and recorded in the Council meeting minutes.

FURTHER INFORMATION

This policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's internet site: www.robe.sa.gov.au

Royal Circus, Robe SA 5276

Copies will be provided to interested parties upon request. Email council@robe.sa.gov.au

Any grievances in relation to this policy or its application should be forwarded in writing addressed to the Chief Executive Officer of Council.

POLICY REVIEW

This policy may be amended at any time and must be reviewed at least every four years since its adoption (or latest amendment).