

CITY OF WEST TORRENS



Council Policy: Procurement

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Related Policies or Corporate Documents:	Asset Management Council Policy Fleet Management Administration Policy Fraud and Corruption Prevention, Control, Reporting and Investigation Policy Employee Gifts and Benefits Policy Information Technology and Its Use Policy Public Consultation Council Policy Enterprise Risk Management Framework Enterprise Risk Management Council Policy Procurement Administration Policy Credit Cards Administration Policy National Competition Policy (Federal) Work Health and Safety Administration Policy Contractor Management Administration Policy Prudential Management Council Policy Prudential Management Administration Policy Employee Code of Behaviour Policy
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Council Policy - Procurement

1. Preamble

- 1.1 Section 49 of the [Local Government Act 1999](#) (the Act) requires each council to develop, maintain and adopt policies relating to the procuring goods, works and services to ensure that:
 - a. Value for money is obtained.
 - b. Suppliers are treated fairly and ethically.
 - c. Probity, accountability and transparency is intrinsic to the procurement process.
- 1.2 Council is committed to achieving compliance with the provisions of the [Work Health and Safety Act 2012](#) in its procurement process.
- 1.3 Council will ensure compliance with all legislative requirements, including prudential reporting requirements.

2. Purpose

- 2.1 This policy details:
 - a. The framework used by the City of West Torrens (CWT) to procure goods, works and services.
 - b. A systematic approach to be used in the evaluation and selection of suppliers and contractors when seeking to procure goods, works or services.

3. Scope

- 3.1 This policy applies to all employees when procuring goods, works and services.
- 3.2 This policy does not apply to purchases made by credit card.

4. Definitions

- 4.1 **Employee** means any full-time, part-time, contract, casual, work experience, trainees, and volunteers, as well as those persons working at a Council workplace through a contract or other similar external arrangement.
- 4.2 **Evaluation Plan** refers to a set of pre-determined criteria against which quotes or tenders are assessed.
- 4.3 **Local supplier** means those suppliers and contractors located within CWT's boundaries.
- 4.4 **Open Invitation to Tender** means a full public tender in which any interested party is able to submit an offer to supply goods, works or services.
- 4.5 **Panel Contract** means a standing offer arrangement with multiple pre-qualified providers established by the CWT or associated purchasing groups, e.g. LGA Procurement, Council Solutions, State Supply or Combined Charities etc.

- 4.6 **PCBU** refers to a person conducting a business or undertaking under the [Work Health and Safety Act 2012](#) and includes CWT and its suppliers, contractors and sub-contractors.
- 4.7 **Preferred Supplier/Contractor** means a preferred provider arrangement established by CWT through a competitive process or by a third party purchasing groups e.g. LGA Procurement, Council Solutions, State Supply or Combined Charities.
- 4.8 **Procurement** refers to the activity of obtaining goods, works and services to assist CWT in the delivery of its services.
- 4.9 **Quote** means an offer submitted by a supplier or contractor in response to a request for quote which details the basis on which the supplier or contractor is willing to provide the required goods, services or works.
- 4.10 **Residual Risk Rating** means, for the purpose of this policy, the rating of a risk, assessed and determined by the CWT after risk controls are applied.
- 4.11 **Responsible Officer** means the CWT employee responsible for undertaking the procurement process.
- 4.12 **RFQ** means a Request for Quote.
- 4.13 **RFT** means a Request for Tender.
- 4.14 **Select invitation to Tender** refers to an invitation to submit a tender to CWT that has been extended only to a small number of suppliers or contractors based on competence, experience, and previous successful performance or in circumstances that do not warrant full public tender.
- 4.15 **Supplier** refers to all people, companies and organisations that provide goods and/or services to the CWT.
- 4.16 **Tender** means a formal offer submitted by a supplier/contractor in response to a request for tender which details the basis on which the supplier/contractor is willing to provide the required goods, services or works.
- 4.17 **Works** refers to all construction and maintenance activity.

5. Policy Statement

5.1 Guiding Principles for Procurement

5.1.1 Prudential Management

- a) When either required by the Act, as specified in the *Council Policy - Prudential Management* or otherwise determined by the Executive, a Prudential Report will be developed.

5.1.2 Value for Money

- a) CWT will drive value for money in all of its procurement activities by deploying the most appropriate strategy to achieve its procurement objectives.
- b) Value for money includes consideration of both cost and non-cost factors i.e.:

- Cost Factors - include the up-front price, through life costs such as maintenance and operating costs and disposal costs. CWT internal costs may also be included.
- Non-Cost Factors - may include fitness for purpose, quality, ability to meet schedule, service and support, training, sustainability, innovation and other value add opportunities.

5.1.3 Risk Management

- a) Use of appropriate processes and documentation is essential to minimising the risk to CWT. The risks associated with any procurement will be managed in accordance with this policy and CWT's [Risk Management Framework Administration Policy](#).
- b) The risk assessment information identifying the required work and any pertinent hazard information relating to circumstances of proposed work that CWT is aware of (such as the presence of hazardous substances at the worksite, difficulties in accessing the worksite, working at heights etc.) must be provided as part of RFQ/RFT documents to contractors.

5.1.4 Efficiency

- a) Panel arrangements, preferred suppliers/contractors and third party contracts will be used to improve the efficiency of the procurement process and reduce the time and cost impacts of repetitive bidding on potential suppliers.
- b) CWT may collaborate with other councils to investigate opportunities for joint contracts to share resources, increase market leverage and improve value for money outcomes.

5.1.5 Probity and Accountability

- a) All Responsible Officers involved in procurement activities are required to observe the highest standards of integrity, probity and professional conduct and comply with the Code of Conduct for Council Employees requirements of the *Local Government Act 1999* and the *Administration Policy-Employee Code of Behaviour*.
- b) All stages of the procurement decision making process will be documented, defensible and preserve confidence in CWT's procurement process.
- c) Suppliers and contractors will be treated fairly and equitably in any procurement process.
- d) Non-conformance with this policy by employees may lead to disciplinary action.

5.1.6 Engagement with the Market

- a) CWT will engage with the market, if necessary, to promote supply opportunities, provide supplier education and to investigate innovative supply solutions which deliver superior value.

5.1.7 Support of Local Business

- a) CWT will ensure, as far as is practical, that local suppliers and contractors are able to bid for its work.

5.1.8 Sustainability

- a) CWT will endeavour to source goods, works and services from socially, environmentally and ethically responsible suppliers and contractors.
- b) Some of the principles of sustainable procurement to consider as part of the procurement process include:
 - Adopting strategies to manage demand to avoid unnecessary consumption.
 - Give preference to goods and works that can be reused, repaired and recycled including recycled content.
 - Minimise environmental impacts by selecting products or services that have lower detrimental impacts over their lifecycle including production, use and disposal.

5.1.9 Work Health and Safety

- a) CWT will use only those contractors who demonstrate an appropriate Work Health and Safety (WHS) management system capability that, at a minimum, meets CWT's WHS policy standards.

5.2 Procurement Planning

- 5.2.1 CWT will establish a Procurement Plan with a strategic 5 year view and 12 month action plans outlining all of the expected procurement activities during that period.
- 5.2.1 CWT will analyse the annual spend of each contractor or supplier to determine any panel or preferred supplier opportunities. If expenditure against a single supplier/contractor, who is not on an existing contract, has exceeded \$200,000 in the previous financial year, CWT will determine if future requirements warrant a competitive market approach for those services, goods or works.

5.3 Panel and Preferred Contractors

- 5.3.1 CWT will develop and maintain a preferred supplier/contractor and panel contracts register to provide a pool of pre-qualified suppliers/contractors.

5.4 Funding Availability and Approval

- 5.4.1 Procurers will ensure that no procurement process is undertaken unless funds are approved within the relevant budget or held in reserve for that purpose.
- 5.4.2 The availability of funds in the budget, particularly the capital budget, does not necessarily represent an approval to proceed with the procurement process
- 5.4.3 Capital expenditure may need to be justified and approved by the CEO or Council, if required, before the procurement process commences.
- 5.4.4 Approval to engage a supplier or contractor must be undertaken in accordance with CWT's delegations framework.

5.5 Market Approach

5.5.1 The market approaches which may be used by CWT include:

- expressions of interest
- open invitation to tender
- select invitation to tender
- direct negotiation with a particular supplier/contractor or group of suppliers/contractors
- request for quotation
- joint procurement arrangements with other councils
- use of panel arrangements or preferred suppliers/contractors
- use of third party contracts such as LGA Procurement, G6, State Supply

5.5.2 CWT will select the most appropriate market approach based on a number of factors including:

- value of the acquisition
- risk profile of the acquisition
- complexity of the acquisition and the experience and skills of CWT Responsible Officer
- market profile including the number of suppliers/contractors, capacity and capability of the suppliers/contractors, specialist skills, market maturity and rate of technological change
- CWT's leverage in the market
- cost of the chosen approach compared to the potential benefits
- cost incurred by suppliers/contractors in responding compared to the value of the work
- time constraints or urgency due to impact on CWT operations
- approved budget

5.5.3 In the event the CWT seeks indicative costs from the market for budgeting purposes, this must be made clear to potential suppliers/contractors and no commitments to procure must be made.

5.5.4 In all other circumstances, subject to budget and internal approvals, a market approach will occur to engage a supplier or contractor subject to achieving an acceptable outcome in terms of value for money and risk and in line with delegations.

5.6 Procurement Process

5.6.1 When required by the Act, as specified in the Prudential Management Policy, or otherwise determined by the Executive, a Prudential Report, will be developed.

5.6.2 The procurement process and documentation required depends on the total value of the procurement and the residual risk rating, resulting from a risk assessment of the purchase.

5.6.3 The value of the procurement will be determined from the total cost over the proposed length of the contract which will include all ancillary costs such as maintenance purchase or support agreements procured at the same time.

5.6.4 The values in clauses 5.7 of this policy are based on total value calculated under this clause.

5.6.5 Procurement activities must not be split into smaller components in order to avoid the competitive process and documentation requirements.

5.7 Purchasing Approach Criteria

5.7.1 Purchases up to \$2,000

- a) Direct purchasing can occur for purchases with a total value of \$2,000 or less without the need for a purchase order or contract and payment is on invoice.

5.7.2 Purchases between \$2,001-\$10,000

- a) Requires a minimum of two verbal or written quotes to be obtained and a purchase order provided to the supplier or contractor, which contains CWT's purchase terms and conditions, prior to the receipt of goods or services.

5.7.3 Purchases between \$10,001-\$50,000

- a) Requires a minimum of two written quotes to be obtained and quotes will be evaluated against the predetermined Evaluation Plan.

5.7.4 Purchases between \$50,001-\$200,000

- a) For purchases with a total value of between \$50,001 and \$200,000, a minimum of three written quotes must be obtained.
- b) A formal RFQ is required with appropriate conditions of contract and response schedules included.
- c) Evaluation criteria and weightings must be determined prior to the market approach and quotes must be evaluated in accordance with the Evaluation Plan.
- d) Approval of the selected supplier or contractor is via the Summary and Recommendation \$10k to \$50k - Template or Summary and Recommendation \$50k to \$200k - Template.

5.7.5 Purchases greater than \$200,000

- a) For purchases with a total value over \$200,000, a select or open RFT is required.
- b) A full RFT document is required.
- c) When a select tender process is used, reasons for that approach must be documented.
- d) An Evaluation Plan must be developed prior to tenders being called which outlines the methodology to be used and the criteria and weightings.
- e) Tenders must be evaluated in accordance with the Evaluation Plan and approval of the selected supplier or contractor is via the Summary and Recommendation \$200k and Over - Template..

5.8 Using Preferred Suppliers/Contractors

5.8.1 If a preferred supplier/contractor is engaged a direct purchase can be undertaken in accordance with this policy.

a) Documentation Required:

If the value of the purchase is less than \$2,000, no purchase order is required and payment is on invoice. If the value is greater than \$2,000, a Purchase Order must be raised which references the contract under which the procurement is made.

5.9 Using Panel Contracts

5.9.1 If the procurement is made against a Panel Contract with fixed lump sum pricing, a direct purchase can be undertaken. If the Panel Contract is based on a schedule of rates, the number of quotes obtained must be in accordance with the requirements of clauses 5.7.3 to 5.7.5.

a) Documentation Required:

If the value is less than \$2,000, no purchase order is required and payment is on invoice. If the value is greater than \$2,000 and competitive quotes are obtained, the Panel RFQ document should be used.

b) Approval of the selected contractor is via the Summary and Recommendation is required if the value is greater than the CWT officer's delegation.

c) A Purchase Order must be created and submitted for all purchases greater than \$2,000 and must reference the contract under which the purchase is made.

5.10 Exceptions

5.10.1 Circumstances may arise when the use of a competitive process is not practical or will not meet the objectives set out in clause 5.1, or the required number of quotes cannot be obtained. Examples when this may be the case include:

- If the benefits to be obtained through a competitive process are outweighed by the costs of the process.
- If the market structures are such that a monopoly exists and therefore a competitive process will not provide any benefit.
- Technical support or upgrades linked to existing products or software.
- If the skills required are specialised and can only be provided by a single provider.
- If there is an urgent and pressing need to acquire the goods, services or works and a competitive process will adversely impact on CWT operations or the community.
- If a preferred supplier/contractor arrangement already exists.

5.10.2 In these circumstances, the reasons for not obtaining the required number of quotes will be documented.

5.11 Audit

5.11.1 Regular audits will be conducted to ensure compliance with the policy requirements.

5.12 Confidentiality

5.12.1 CWT will not disclose the confidential details of any offer received from a supplier or contractor to unauthorised persons without the prior written consent of the supplier or contractor unless required to do so by law.

5.13 Delegations

5.13.1 Council has delegated authority to the Chief Executive Officer (CEO) to make decisions in respect of matters covered by this policy including decisions unless referral to Council is otherwise required.

5.13.2 The CEO is authorised to further delegate the authority to Responsible Officers to make decisions in respect of the matters covered in this policy.

5.13.3 Financial sub-delegations are recorded in the publically available City of West Torrens Delegations and Subdelegations Framework and reviewed at least annually.

5.13.4 Delegated and sub-delegated officers are required to ensure that all procurement activities comply with the provisions of this policy and in accordance with their approved delegations.

5.14 Consultation

5.14.1 If required, CWT will undertake public consultation in accordance with Section 50 of the Local Government Act 1999 and its Public Consultation Policy.

5.15 Availability

5.15.1 This policy will be available for inspection in the Civic Centre and the Hamra Centre during normal opening hours as well as on Council's website.

5.15.2 Copies may be purchased at a fee set annually by Council and as detailed in Council's Fees and Charges Register.

5.16 Responsibilities

5.16.1 Council

Council is responsible for approving and maintaining procurement policies.

5.16.2 Executive Management Team

The role of the Executive Management Team is to:

- a) Monitor compliance with the CWT's legislated procurement and prudential reporting responsibilities and policies.
- b) Ensure that managers and supervisors have been provided with training and that they understand and can apply the requirements of the procurement policy to the areas and activities under their control.
- c) Consult with other PCBUs, so far as is reasonably practical, if their duty of care overlaps.

- d) The Executive is responsible for obtaining a Prudential Report if an activity necessitates one in line with *Council Policy- Prudential Management* and s48 of the *Local Government Act 1999*.

5.16.3 Managers/Supervisors

Managers/Supervisors are responsible for ensuring:

- a) That Responsible Officers have the requisite skills and training to undertake the requirements of their role.
- b) That any staff assisting Responsible Officers in the procurement process are fully conversant with the requirements of this policy.
- c) Compliance with this policy.

5.16.4 The Centre-Led Procurement Team

The Centre Led Procurement Team is responsible for:

- a) Implementing, maintaining, and monitoring the processes set in this policy.
- b) Providing the framework and tools to enable Responsible Officers to undertake the procurement processes required in this policy.
- c) The development and maintenance of the Preferred Supplier/Contractor and Panel Contracts Register and currency of information.
- d) Communicating and consulting with shared duty holders and workers involved in the contract and documenting these discussions.
- e) Ensuring that training for workers with responsibilities related to procurement is identified and delivered and the training register in relation to this training is kept up to date.
- f) Initiating audit and review activities as required.

5.16.5 Responsible Officers

Responsible Officers are responsible for:

- a) Ensuring, as far as is reasonably practical, that reasonably foreseeable hazards are identified, assessed and controlled when elimination is not practical.
- b) Ensuring compliance with this policy.
- c) Ensuring contractual documentation specifies which party is the Principal Contractor and has control of the workplace when required.
- d) Ensuring contractors have been given all information available to CWT in relation to hazards and risks at or in the vicinity of the workplace where the work is to be carried out as part of the selection and engagement process.
- e) Reviewing and assessing the suitability of contractor WHS and hazard management systems as part of the contractor selection process, in consultation with WHS Coordinator, if required.