

## Draft CP 16 Procurement Policy

## Appendix 1

<b>Responsible Officer:</b>	Manager Finance
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### Purpose

The purpose of the Procurement Policy is to:

- Provide guidance, consistency and control over procurement activities.
- Demonstrate accountability to rate payers.
- Ensure compliance with legislation.
- Provide guidance on ethical behaviour in purchasing.
- Ensure openness and transparency of the decision making process.

### Objective

Section 108 of the *Local Government Act 2020* requires the Council to prepare, approve and comply with a Procurement Policy encompassing the principles, processes and procedures applied to all purchases of goods, services and works by the Council.

### Scope

The Policy covers all procurement activities of the Council and is binding upon Councillors, Council staff, contractors and consultants while engaged by the Council.

### Standards

The Council's procurement activities will be carried out to the professional standards required by best practice and in compliance with the:

- *Local Government Act 2020*
- Council Policies and Procedures
- Council Code of Conduct
- *Local Government Procurement Best Practice Guidelines*
- other relevant legislative requirements such as, but not limited to the *Competition and Consumer Act, Goods Act and the Environmental Protection Act*.

## Policy Statement

The Council recognises that a procurement policy and supporting administrative procedures will support the achievement of the Council's strategic objectives.

The Council is committed to ensuring its purchasing practices are sustainable, efficient and deliver value for money, while encouraging a competitive environment amongst its suppliers and ensuring a safe working environment for its staff and contractors.

## Principles

The Council's purchasing processes and procedures are based on the following principles:

- **Public Tender Threshold**
  - **Goods, services and carrying out of works with an estimated value greater than \$300,000 (ex GST)** will be procured through public tender unless an exception is granted by the Chief Executive Officer in consultation with the Council.
  - **Goods, services and carrying out of works with an estimated value of equal to or less than \$300,000 (ex GST)** may be procured via public tender, if this is considered the best approach to market, but will in most instances, be procured in accordance with the procedures i.e. Request for Quotation, Expression of Interest, a Council panel arrangement or a collaborative procurement arrangement.
  - To achieve best value for money, a contract below \$300,000 (ex GST) which is assessed as complex, strategic or high risk can also be procured via public tender or a public expression of interest. These market approaches are to be approved by the Chief Executive Officer and reported to the Audit and Risk Committee.
- **Delegation of Procurement Authority**
  - **Delegations Reserved for the Council**

Only the Council can award contracts that are greater than:

    - \$300,000 (ex GST) for goods, services or works.
  - **Delegation of Authority to Council Staff**

Council procurement activities are undertaken using a Delegation of Procurement Authority allowing authorised and trained, Council staff to approve certain purchases, quotation, tender and contractual processes without prior referral to the Council. Council staff procurement delegations will be documented and reviewed annually.
- **Criteria used to evaluate for money**

Both qualitative and non-qualitative criteria will be used to evaluate value for money as described below and other factors as applicable.

- **Value for Money**

The Council's procurement activities will be carried out on the basis of obtaining value of money. Value for money means minimising the total cost of ownership over the lifetime of the requirement consistent with acceptable quality, reliability, delivery and risk considerations. Council is not required to accept the lowest tender or accept any tender.

- **Fair and Honest Dealing**

All prospective suppliers will be afforded an equal opportunity to tender or quote. Impartiality will be maintained in selecting suppliers so that no action is taken that could evoke criticism of Council.

- **Conduct of Councillors and Council Staff**

Council's procurement activities will be performed with unquestionable integrity and in a manner able to withstand the closest possible scrutiny. Councillors and Council staff will at all times conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity.

- **Accountability and Transparency**

Accountability in procurement means being able to explain and provide evidence of what has happen during the process. The test of accountability is that an independent third party must be able to see clearly that a defined process has been followed and that the process is fair and reasonable.

The processes by which all procurement activities are conducted will be in accordance with the Council's Procurement Policy and supporting administrative procedures which ensure fairness and impartiality towards suppliers, consistency and transparency in the competitive process and provide security and confidentiality for the commercial interests of existing and potential suppliers.

The Council must be able to account for all procurement decisions made over the lifecycle of all purchased goods, services and works and provide feedback on them.

- **Sustainability**

All procurement of products and services have some level of impact on the environment that should be minimised to ensure sustainable procurement practices are undertaken within the context of purchasing on a value for money basis.

Council's procurement decisions and initiatives will be based on clear and transparent evidence, informed economic, environmental and social considerations. Therefore, to achieve sustainable procurement, Council will adopt a triple-bottom-line approach by considering economic, environmental and social sustainability.

The Council's procurement projects are to automatically consider the provision of reuse and recycling as part of the project planning process, including the consideration of whole life costs and disposal.

- Use resources sustainably.
- Maximise the sourcing of recycled products and use of recycled content in construction works.
- Make sure suppliers minimise their environmental impact and maintain environmentally responsible policies and practices.
- Reduce greenhouse gas emissions.

- **Social Procurement**

Social procurement involves using procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of goods, services and works. Social procurement generates positive outcomes by building on initiatives already undertaken by the council in enhancing sustainable and strategic procurement practice, further enabling procurement to effectively contribute towards building stronger communities and meeting the social needs of the vulnerable parts of our community.

Aims to ensure value-for-money considerations are not solely focused on price but encompass opportunities to generate positive social outcomes that benefit the community in addition to the delivery of efficient goods, services and works.

- **Local Content**

Council is committed to the strategic use of local suppliers to encourage economic development while remaining compliant with the *Competition and Consumer Act 2010* and other fair-trading legislation.

To encourage a focus on local business:

- a. Wherever possible and/or practicable, Council officers must seek at least one quotation from a local supplier.
- b. For procurement activities more than \$150,000 a benefit to local region will be considered and a 5 per cent weighting percentage will be assigned to the criteria element: 'Benefit to local region'. Council will fully examine where the business is based, percentage of local staff employed, percentage of local materials, plant and equipment used and what impact the business offers the local community.

Local is defined as a contractor or supplier having their registered office within a 100km radius of the Benalla Rural City Council Customer Service Centre at 1 Bridge Street East, Benalla.

- **Collaborative Procurement**

Council will seek to encourage procurement collaboration and knowledge sharing with other regional councils and entities.

In accordance with Section 108 (c) of the Act, the Council will seek to collaborate with other Councils and public bodies in the procurement of goods and services in order to take advantage of economies of scale.

Council staff must consider any opportunities for collaborative procurement in relation to a procurement process undertaken by Council.

Any Council report that recommends entering into a procurement arrangement must set out information relating to opportunities for collaborative procurement, including:

- the nature of those opportunities, if any, and the councils or public bodies with which they are available; and
- why Council did, or did not, pursue the identified opportunities for collaboration in relation that procurement process.

- **Operations and Process Improvement**

The Council will seek continual operational and process improvement including innovative and technological initiatives with the objective to reduce overall activity costs and achieve best practice.

- **Dispute Resolution**

Any dispute arising from the application of this policy will be referred to the Chief Executive Officer for investigation and resolution.

## **Review**

This policy must be reviewed at least once during each four-year term of Council as per section 108 (5) of the *Local Government Act 2020*.