



Procurement Policy

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REVIEW	Policy to be reviewed at least once in each financial year
RESPONSIBLE EXECUTIVE	General Manager Corporate Services
POLICY OWNER	Manager Procurement & Contracts

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1. Purpose of the Policy

The purpose of this policy is to:

- establish a procurement framework for the Kingston City Council to achieve value for money and continuous improvement in the provision of services for the community.
- ensure that council resources are used efficiently and effectively to improve the overall quality of life of people in the local community
- achieve compliance with relevant legislative requirements
- achieve high standards of probity, transparency, accountability and risk management; and
- give preference to the procurement of sustainable goods, services and works.

2. Scope

This policy represents the principles, processes and procedures that will be applied to the purchase of all goods, services and works by Council. The scope of this policy commences from when Council identifies a need for procurement requirements. It continues through to the successful delivery of goods or completion of works or services.

3. Definitions

Council – City of Kingston, being a body corporate constituted as a municipal Council under the Local Government Act 1989

Council Officers – Chief Executive Officer and staff of the Council appointed by the Chief Executive Officer.

GST – Goods and Services Tax

LGA – Local Government Act 1989 (Victoria)

4. Responsible Executive

General Manager Corporate Services

5. Policy owner

Manager Procurement and Contracts

6. Legislative and Regulatory Requirements

All Council procurement activity is subject to the applicable:

- legislative and regulatory provision
- promulgated guidelines
- the Victorian Local Government Best Practice Procurement Guidelines 2013
- other Council policies that interact with procurement

The key legislative requirements include:

- section 186 of the Local Government Act (LGA) 1989 (Power to enter into Contracts)
- section 186A of the LGA 1989 (Procurement Policy)
- section 208C of the LGA 1989 (Best Value Principles)
- section 77-80C and 95 of the LGA (Conflict of Interest)
- section 136(1) of the LGA (Implement the principles of sound financial management)
- Competition and Consumer Act 2010

Council will adhere to all these provisions in all procurement matters.

Council will develop and maintain a Procurement Procedure Manual which will detail the implementation of these legislative provisions and Council Policy.

7. Policy Application

This policy applies to all persons involved in or authorising the procurement of goods, services or works on behalf of the City of Kingston. All such persons are accountable for complying with all relevant procurement legislative and policy requirements.

8. Policy Statement

The City of Kingston is committed to adopting appropriate best practice purchasing and contracting principles, policies, and procedures for the procurement of all goods, services and works.

It is recognised this will enhance the achievement of Council objectives such as sustainable and socially responsible procurement, supporting local economies and obtaining value for money and will lead to a better outcome for Council in the provision of services for the community.

9. Policy Details

9.1. Basic Principles of Procurement

The City of Kingston will apply the following fundamental best practice principles to every procurement, irrespective of the value and complexity of that procurement, including:

- Value for Money;
- Open & Fair Competition;
- Accountability;
- Risk Management; and
- Probity and Transparency.

These principles are detailed in Council's Procurement Procedure Manual.

The City of Kingston is also committed to meeting its needs for goods, service and works in a way that achieves value for money in terms of generating benefits not only to the Council, but to society and the economy whilst minimising damage to the environment. Council will achieve this by –

- Adopting strategies to avoid unnecessary consumption and by managing demand
- In the context of value for money select products and services which have lower environmental impacts across their life cycle compared to competing products and services
- Foster a viable market for sustainable products and services by supporting business and industry groups that demonstrate innovation in sustainably
- Support suppliers to local government which are socially responsible and adopt ethical practices.

The City of Kingston will apply its commitment to the environment in accordance with the provisions set out in the Procurement Procedure Manual.

9.2. Risk Management

The City of Kingston will consider the risks of procurement during the planning phase and in accordance with the requirements of its Risk Management Policy. All persons undertaking procurements on behalf of Council must identify and manage risk in accordance with Council's Procurement Procedure Manual.

All members of Kingston's staff must conduct an initial assessment of the risk of undertaking various procurements. The initial assessment will indicate the need for any further assessment.

The risk assessment process must examine the aspects of:

- Identifying risks
- Analysing risks
- Evaluating risks
- Mitigating risks

9.3. Procurement Planning

The risk assessment will be used to determine which of the following planning tools must be prepared in order to manage the procurement process:

- Strategic Procurement Plan
- Procurement Conduct Plan
- Risk Management Plan
- Tender Evaluation Plan
- Contract Management Plan

These Plans must consider the content set out in the Procurement Procedure Manual.

9.4. Probity Requirements

There are a number of key requirements to promote probity throughout all stages of the purchasing process. These key requirements are:

- Fairness and Impartiality;
- Use of a Competitive Purchasing Process;
- Consistency and Transparency of Process;
- Security and Confidentiality; and
- Identification and Resolution of Conflicts of Interest.

These key requirements are detailed in the Procurement Procedure Manual.

Councillors and members of staff (and all persons engaged in procurement on Council's behalf) must exercise the highest standards of integrity in a manner able to withstand the closest scrutiny.

All members of Kingston's staff have an overriding responsibility to act impartially and with integrity, avoiding conflicts of interest (Section 95 of the LGA).

In procurement matters:

- Members of staff must disclose any direct or indirect interest (and the type of interest) before providing advice or reports (or any other matter) (Section 80C

of the LGA)

- Council officers delegated Council powers, duties and functions are prohibited from exercising those powers, duties or functions if they have a conflict of interest (Section 80B of the LGA)
- Councillors must comply with the general councillor conduct principles and avoid conflicts between his or her public duties as a councillor and his or her personal interests and obligations. (Section 76BA LGA)
- Councillors must also comply with the Councillor Code of Conduct (Section 76C LGA)
- Councillors (and members of special committees) must disclose a conflict of interest (Section 79 of the LGA)
- Councillors must not improperly direct or improperly influence a member of council staff in the exercise of any power in the performance of any duty or function. (Section 76E of the LGA)
- Members of staff must also comply with the Kingston's Code of Conduct for Council Staff (Section 95AA of the LGA)
- Councillors are precluded from membership of an assessment panel making a recommendation in regard to any procurement related decision
- All staff engaged in preparing specification or contract documentation or the evaluation of quotations or tenders must adhere to this policy and complete and lodge a Conflict of Interest Declaration and a Deed of Confidentiality prior to their involvement
- All councillors and staff must adhere to Kingston's Gifts and Hospitality Policy

9.5. Probity Plan

A Probity Plan to be required where the value of the procurement is \$5M or greater or if a risk assessment indicates a Probity Plan is required.

Any Probity Auditor appointed under a Probity Plan must be independent of Council.

9.6. Internal Control

Council will establish and maintain a framework of internal controls over procurement activities in order to ensure:

- more than one person is involved in each transaction
- transparency in the procurement process
- a clearly documented audit trail exists for procurement activities
- appropriate authorisations are obtained and documented
- systems are in place for appropriate monitoring and performance measurement.

All persons engaged in procurement activities must diligently apply all internal controls.

9.7. Evaluation Criteria

Evaluation criteria must include all factors which it is proposed to take into account when evaluating a proposal and must include all relevant mandatory evaluation criteria in accordance with the Procurement Procedure Manual.

9.8. Tenders and Quotations – Primary Considerations

Council will ensure that all procurements, no matter what value are undertaken such as to:

- ensure the **efficient and effective** use of resources (including financial resources) [S 3C(2)(b) of LGA]
- be **transparent and accountable** in undertaking the procurement [S 3C(2)(g) of the LGA]
- **avoid waste and extravagance** [S 140(2)(f) of the LGA]
- meet the Best Value requirements of ensuring that:
 - services are provided in accordance with the Best Value Principles to **best meet the needs of the local community**; [Section 3C(b) of the LGA] and
 - an **assessment of value for money** in service delivery may be taken into account [208C(b) of the LGA]

9.9. Tenders and Quotations - Thresholds

Quotations and Tenders must obtained in accordance with the following table:

Value of Purchase (including GST)	Requirements for Quotations/Tenders
\$0 - \$5,000	<u>Minimum</u> of one (1) verbal or written quotation must be obtained and documented.
\$5,000 - \$15,000	<u>Minimum</u> of two (2) written quotations must be obtained and documented.
\$15,000 to \$150,000 for Goods & Services	<u>Minimum</u> of three (3) written quotations must be obtained and documented.
\$15,000 to \$200,000 for Building & Construction Works	<u>Minimum</u> of three (3) written quotations must be obtained and documented.
\$150,000 and above for Goods and Services	A public tender process must be conducted.
\$200,000 and above for Building & Construction Works	A public tender process must be conducted.

Where it is available, at least one quotation from a local supplier should be obtained.

The following requirements apply to all quotations and tender proposals:

- A General Manager may direct that a public tender process occur for procurements at lower values.
- When assessing the value of a procurement it is necessary to count the value of all years of a contract including any options and estimated variations and the like in accordance with the requirements set out in the Procurement

Procedure Manual. Due diligence must be exercised to ensure that realistic assessments are made of all factors which may impact on the value of the contract.

- All procurement (and variations to contracts) must be authorised in accordance with the current CEO to Staff Instrument of Delegation.
- A General Manager may vary the requirement for numbers of quotations in accordance with the process documented in the Procurement Procedure Manual.
- In certain circumstances the raising of Purchase Orders will be inappropriate as procurement commitments will be made under alternative forms.
- An Expression of Interest process may be adopted where the General Manager believes that there is -
 - likely to be many tenderers, tendering will be costly or the procurement is complex and Council does not wish to impose the costs of preparing full tenders on a large number of potential tenderers
 - uncertainty as to the interest of suppliers or vendors or their capacity to offer the potential products or services or to undertake the proposed works.
- Quotations must be transparent, free of bias and sourced independently.
- Copies of all written quotations and a written record of all verbal quotations must be placed on the relevant information management file.

9.10. Sourcing Goods, Services or Works from a Purchasing Scheme (Third Party Agents)

Contracts from Third Party Agents which hold Approved Ministerial Arrangements (e.g. MAV Procurement and Procurement Australia) are exempt from the requirement to comply with section 186 of the LGA and therefore is not required to place public notices.

Procurements through Third Party Agents must comply with all other requirements of the LGA (see section 6) and with the other requirements of this Policy.

9.11. Accessing State Government Contracts

Pursuant to an arrangement approved by the Minister for Local Government Council can access a nominated range of State Purchase Contracts (SPCs), Whole of Victorian Government contracts (WoVGs) and the Construction Supplier Register (CSR). As with all arrangements approved by the Minister Council must comply with with all other provisions of the LGA, the Guidelines, with Council Policy and, where specified, any conditions placed by the Minister.

9.12. Entering into a Contract because of an Emergency

The Chief Executive Officer may in accordance with his/her delegated power determine pursuant to section 186(5)(a) of the LGA that a contract must be entered into because of an emergency for the duration of the emergency and by applying the provisions of the Procurement Procedure Manual in entering into such contracts.

9.13. Ministerial Exemption

The Approval of the Chief Executive Officer is required for any application for a Ministerial Approved Arrangement.

9.14. Tender and Quotation Evaluation

The following rules apply to the evaluation of Tenders and Quotations:

- late tenders must not be accepted under any circumstances.
- an evaluation panel must be established to evaluate each tender or quotation valued at greater than \$50,000 against the selection criteria and in accordance with the Procurement Procedure Manual.
- the composition of all evaluation panels must be determined by the respective General Manager.
- tender evaluation panels can include external personnel in order to promote impartiality and/or technical expertise.
- evaluations must be conducted in accordance with the methodology and reporting requirements set out in Council's Procurement Procedure Manual.
- all evaluation processes must be robust, systematic and unbiased.

9.15. Local Supplier Preference

Council recognises that local businesses are an integral part of the community and is committed to improving opportunities for local suppliers to compete for Council contracts, while still achieving value for money.

Where possible, Council will measure local content and/or benefit provided to the Kingston community by suppliers. Information regarding local content and/or benefit will be collected and assessed during the evaluation.

In the event that two or more suppliers are scored equally in the selection process, any local supplier will be selected as the preferred supplier of the goods or services.

9.16. Social Procurement

Social Procurement should be considered where it can be clearly demonstrated that procurement processes and purchasing power will generate positive social outcomes in addition to the efficient delivery of goods, services and works.

9.17. Contract Management

Staff responsible for managing the delivery of contracts must pay due regard to the provisions of the Procurement Procedure Manual.

9.18. Support Staff Available

Staff in the Procurement & Contracts Department are available to provide assistance and advice to staff in the procurement process.

10. Record Keeping

In accordance with Council's Internal Administrative Procedure 'Records and Information Management', all employees, contractors and volunteers are responsible and accountable for keeping accurate and complete records of their procurement activities.

11. Decision Guidelines

Processes for obtaining any exemptions from this Policy are detailed in the Procurement Procedure Manual.

12. Charter of Human Rights

This policy has been reviewed against the Charter of Human Rights. Council is satisfied the Policy complies and aligns with the legislation.

13. Transition/Translation Arrangements

Effective from date of adoption by Council at Ordinary Meeting of Council.

14. Review

Policy to be reviewed at least once in each financial year.