

1. POLICY CERTIFICATION

Policy title:	Procurement Policy
Policy number:	GOV031
Category:	Policy
Classification:	GOV
Status:	Approved

2. PURPOSE

The Procurement Policy sets out Roper Gulf Regional Council’s procurement principles and framework.

3. ORGANISATIONAL SCOPE

This Procurement Policy applies to the all of the systems and processes used by Council under its Procurement Framework; and is applicable to all Elected Members, Appointed Members and Council employees.

All Elected and Appointed Members of Council and Council employees engaged in procurement, or who have responsibility for procurement decisions, must comply with this policy. It is the responsibility of Council officers involved in procurement to understand the meaning of this policy.

Council’s Elected Members, Appointed Members and its employees are required to:

- Act, and be seen to act without fear or favour, affection or ill-will properly and in accordance with the requirements of applicable law, including the *Local Government Act* and its statutory instruments;
- Abide by Council’s Code of Conduct, Financial Delegations and all applicable policies and instructions;
- Preserve Council’s integrity to ensure that Council may be seen to have acted beyond reproach in all procurement dealings; and
- To ensure that the four (4) fundamental components of public administration are met: accountability, transparency, effectiveness, and efficiency.

4. POLICY STATEMENT

Council is committed to following best practice in procurement. The Procurement Policy prescribes Council employees the principles of developing and implementing transparent and accountable procurement processes under the Procurement Framework.

5. DEFINITIONS

Accountability	The extent to which a matter and its decision-making process can be reviewed by external parties.
Corporate Documents	Council’s Regional Plan, Strategic Plan, Strategic Assessments, Cost Benefit or Economic Impact Analysis, Business Plans, Grant Funding Agreements.

Goods	Goods include tangible supplies that are directly purchased, rented, leased or hired by Council.
Indigenous Small to Medium Enterprise	A Small to Medium Enterprise that is greater than 50% Indigenous owned, or has a board with greater than 50% Indigenous representatives
Local	Within the boundaries of the Council area or Katherine Local Government Area.
Northern Territory	The whole of the Northern Territory.
Procurement	The entire procurement lifecycle of purchasing goods or services that includes the purchasing decision, the selection of the goods, and the payment made by Council to the supplier to purchase the goods.
Procurement Framework	The Procurement Framework includes the Procurement Principles, related policies and publications, and the systems and processes used to support Council's procurement activity throughout the procurement lifecycle.
Public Interest	<p>A concern common to the public at large, or a significant portion of the public, rather than a specific concern of a particular party, whether public or private.</p> <p>A concept aggregating any number of interests that may bear upon a disputed question that is of general – as opposed to merely private – concern.</p> <p>The test which determines whether a matter is in the public interest or not has two components:</p> <ol style="list-style-type: none"> 1) Objectives and Outcomes – that the objectives and outcomes of the decision-making process are in the public interest, and, 2) Process and Procedure – that the process adopted and procedures followed by decision-makers in exercising their discretionary powers are in the public interest. <p>The objective of, or the approach to be adopted, in decision-making rather than a specific and immutable outcome to be achieved. The concern of the public rather than those of the private, personal, parochial, or partisan.</p>
Regional	Big Rivers Region.
Services	Services include any intangible activity that is directly procured by Council, including consulting or project management.
Supplier	A contractor or seller of goods and services. The supplier can be a bidder, selected source, or supplier or vendor depending on the phase in the procurement lifecycle.
Transparency	The concept of the decision-making process and associated documentation being comprehensively and readily available for external scrutiny.

<p>Value for Money</p>	<p>Employees involved procurement will begin a procurement by identifying whether a procurement will deliver the best value for money (VFM) by considering:</p> <ul style="list-style-type: none"> • Council’s strategic direction with relevance to its Corporate Documents; • Council’s financial position and funding and procurement options; • The scale and scope of the business requirement; • The market’s capacity to competitively respond to a procurement; • Council’s obligations and opportunities under other existing arrangements; and • Consulting with stakeholders.
-------------------------------	--

6. PRINCIPLES

6.1 Value for Money

Considering value for money

Value For Money (VFM) forms part of the mandatory considerations which parties involved in the procurement process must demonstrate. VFM assessments inform the development and, depending on the size and scale, implementation of the procurement through a resolution of Council.

Achieving value for money

Achieving VFM is the key driver of Council’s procurement decisions. It is the achievement of a desired procurement outcome at the best possible price – not necessarily the lowest price – based on a balanced judgement of financial and non-financial factors relevant to the procurement. Council recognises environmental, social and economic factors as a core component of value for money. Officers responsible for a procurement must be satisfied, after reasonable enquires, that the procurement achieves a value for money outcome.

Procurements should:

- Encourage competition and be non-discriminatory;
- Use Council resources in an efficient, effective, economical and ethical manner that is consistent with its policies;
- Facilitate accountable and transparent decision-making;
- Encourage appropriate engagement with risk; and
- Be commensurate with the scale and scope of the business requirement.

When assessing a procurement, officers must consider the relevant financial and non-financial costs and benefits of each submission including, but not limited to:

- The quality of the goods and services;
- Fitness for purpose of the proposal;
- The bidder's relevant experience and performance history;
- Flexibility of the proposal (including innovation and adaptability over the lifecycle of the procurement);
- Socioeconomic development, including the stimulation of local employment and training;
- Environmental sustainability of the proposed goods and services (such as energy efficiency and environmental impact); and
- Whole-of-life costs.

Whole-of-life costs include:

- The initial purchase price of the goods and services;
- Maintenance costs;
- Transition out costs;
- Licensing costs (when applicable);
- The cost of additional features procured after the initial procurement;
- Consumable costs; and
- Depreciation and disposal costs.

6.2 Local Development

Council is committed to enhancing opportunities for local suppliers. Council is required to consider local benefit opportunities that may be relevant with other assessment criteria, and ask corresponding questions when evaluating quotes and tenders. This gives suppliers more opportunities to demonstrate the benefits of their 'localness'.

Council recognises that local benefits can often not be assessed in isolation, rather, local benefits such as knowledge of the environmental and market conditions unique to the Territory and proximity of supply chains etc. should be considered. These other (or dispersed) local benefit questions will vary depending on the nature of the procurement, such as:

- Past performance (including antecedents) – an organisations track record of enhancing local economic and community outcomes through its delivery of similar goods or services;
- Capacity – the supplier's use of local knowledge (technical, environmental, geographical, cultural and other) to ensure successful delivery; and
- Timeliness – proximity and responsiveness of supply chain.

For quotes less than \$100,000 (GST inclusive) where good and services are available locally, Council will in the first instance seek quotes from Indigenous local Small to Medium Enterprises, if none exist then non Indigenous local businesses are to be approached.

For quotes less than \$100,000 (GST inclusive) and tenders greater than \$100,000 where a local business has demonstrated their capacity to undertake the contract, Council has the discretion to apply a price differential (for assessment purposes only) of between five (5) and twenty-five (25) percent to quotations or tender prices submitted from non-local businesses as a way of supporting local business and industry.

Hierarchy of engagement

1. Local Indigenous Small to Medium Enterprises within Community or Katherine;
2. Local non-Indigenous suppliers within Community or Katherine;
3. Regional – within the Big Rivers Region;
4. Northern Territory.

6.3 Efficient, effective, economical and ethical procurement

Council's procurement activities shall be performed with integrity, accountability and in a manner able to withstand the closest possible scrutiny. Council employees involved in procurement must comply with the standards of efficient, effective, economical and ethical conduct in procurement. Council employees must:

- Achieve maximum value for the resources used, especially with regard to the scale, scope, and risk of the procurement;
- Achieve intended procurement outcomes or results, especially with regard to price, quality and quantity, and the degree to which these contribute to specified outcomes;
- Minimise cost, avoid waste, and optimise the level of resources used to achieve outcomes; and
- Conduct themselves with honesty, integrity, probity, diligence, impartiality and consistency.

The public interest test must always be applied and demonstrated during each procurement endeavor.

Suppliers/contractors/businesses who are Indigenous owned or can demonstrate Indigenous employment outcomes will be preferred provided that they can demonstrate the capacity to deliver procurement outcomes consistent with the public interest.

Conflicts of Interest

All Elected and Appointed Members, and Council employees must strictly comply with the Conflict of Interest requirements prescribed by law and Council Policy.

Responsible Financial Management

The principles of responsible financial management in accordance with the Act and its Regulations shall be applied to all procurement activities. Council employees must not

authorise the expenditure of funds in excess of their financial delegations. Council funds must be used efficiently and effectively to procure goods, works and services and every attempt must be made to contain the costs of the procurement process without comprising any of the procurement principles set out in the Procurement Policy.

Procurement must be in accordance with the adopted annual budget. Items not within the approved budget must be referred to the Council for resolution and be made in anticipation of the adoption of an amendment to a budget, making provision for the expenditure for the relevant financial year, in accordance with Regulation 14 (1) (b) of the *Local Government (Accounting) Regulations*. Sufficient funds must be available to meet the full cost of the proposed procurement.

Any case where expenditure is incurred due to malpractice, deceptive conduct or carelessness, is to be brought to the attention of the CEO and Council, and will be handled according to applicable law, ministerial guidelines, and Council policy.

6.4 Probity, accountability and transparency in procurement

Council is committed to ensuring accountability and transparency in its procurement activities. Council employees are responsible for the actions and decisions that they take in the procurement lifecycle. Council will enable appropriate scrutiny of its procurement activity. The fundamental elements of probity, accountability and transparency in the procurement lifecycle are outlined below.

Risk Management

The provision of goods, works and services by contract potentially exposes Council to risk. Council will minimise its risk exposure by measures such as:

- Procurement planning and in demonstrating, specifying and cost estimating its procurement needs;
- The sourcing and selecting, and negotiation and awarding of contracts;
- Standardising contracts to include current, relevant clauses;
- Requiring security deposits where appropriate;
- Referring specifications to relevant experts;
- Managing contract establishment, execution and closure;
- Requiring contractual agreement before commencement;
- Use of or reference to relevant Australian Standards (or equivalent);
- Effectively managing the contract including monitoring and enforcing performance; and
- The continuous improvement of its procurement systems and processes.

Council employees are responsible for identifying, analysing, and treating risk in the procurement lifecycle. Council employees are accountable for all decisions and must be able to provide feedback on them so that all decisions are understood and can be subsequently justified.

Records

To demonstrate compliance with the Procurement Policy and applicable law, Council employees will maintain for each procurement a level of documentation commensurate

GOV031 – Procurement Policy

with the scale, scope and risk of the procurement. Documentation should provide accurate and concise information on:

- The requirement for the procurement;
- The process that was followed;
- How value for money was considered and achieved;
- Relevant approvals; and
- Relevant decisions and the basis of those decisions.

Council will retain evidence of agreements with suppliers, in the form of one or a combination of the following documents: a written contract, a purchase order, an invoice or a receipt.

Tender and Quotation Processes

It is a breach of this policy to split purchases to manipulate the quotation and tender thresholds. All tender and quotation processes shall be conducted in accordance with the requirements of this Procurement Policy and any associated procedures, applicable legislation, relevant Australian Standards and the Act, including the possibility of obtaining a quotation or tender exemption as per Regulation 31 of the *Local Government (Accounting) Regulations* or the general exemptions issued by the Territory.

7. REFERENCES

Acknowledgements (original author/source documents)	Commonwealth Procurement Rules
Related Policies	<ul style="list-style-type: none"> • ADM023 – Risk Management Policy • FIN001 – Financial Delegations Manual • FIN006 – Accounting and Policy Manual • GOV012 – Organisational Delegations Manual • GOV014 – Good Governance Policy • GOV029 – Records Management Policy • HR001 - Employee and Contractor Code of Conduct
Related Publications	<ul style="list-style-type: none"> • FIN SOP008 – Procurement Standard Operating Procedure • <i>Local Government Act</i> • <i>Local Government (Accounting) Regulations</i> • <i>Information Act</i> • General Instruction no 4 – Procurement • General exemption form (DLGHCD)
Relevant Forms	<ul style="list-style-type: none"> • Request for Quote form • Evaluation/ Exemption form • Requisition for new accounts payable form • Quotation exemption pro forma

	<ul style="list-style-type: none"> Accounting regulations exemption form
--	---

8. DOCUMENT CONTROL

Policy number	GOV031
Policy Owner	GOVERNANCE
Endorsed by	SLT
Date approved	27/02/2019 OMC
Revisions	Nil
Amendments	NI
Next revision due	June 2021

9. CONTACT PERSON

Contact person	Manager – Governance and Corporate Planning
Contact number	08 8972 9005