

## 1. POLICY CERTIFICATION

<b>Policy title:</b>	<b>Procurement Policy</b>
<b>Policy number:</b>	<b>GOV031</b>
<b>Category:</b>	<b>Policy</b>
<b>Classification:</b>	<b>GOV</b>
<b>Status:</b>	<b>Approved, In-Force</b>

## 2. PURPOSE

The Procurement Policy sets out Roper Gulf Regional Council's (Council) procurement principles and framework.

## 3. ORGANISATIONAL SCOPE

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

All Members and 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 Members and employees are required to:

- Comply with the *Local Government Act 2019* (the Act) and *Local Government (General) Regulations 2021* (the Regulations), Code of Conduct, Financial Delegations and 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 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	With 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 or a particular party, whether public or private.</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"> <li>1) Objectives and Outcomes – that the objectives and outcomes of the decision-making process are in the public interest; and</li> <li>2) Process and Procedure – that the process adopted and procedures followed by the decision-makers in exercising their discretionary powers are in the public interest.</li> </ol>
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.
Value for Money	<p>Best value for money is determined by considering the following;</p> <ul style="list-style-type: none"> <li>• Council's strategic direction with relevance to its corporate documents;</li> <li>• Council's financial position, and funding and procurement options;</li> <li>• The scale and scope of the business requirement;</li> <li>• The market's capacity to competitively respond to a procurement;</li> <li>• Council's obligations and opportunities under other existing arrangements; and</li> <li>• Consulting with stakeholders.</li> </ul>

## 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.

#### 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 VFM. Officers responsible for a procurement must be satisfied, after reasonable enquiries, 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'. These other local benefit questions will vary depending on the nature of the procurement, such as:

- Past performance – an organisations track record of enhancing local economic and community outcome 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.

Council supports local business wherever possible, however is committed to achieving for money through quality supply of good and services.

The current procurement practices align with the Local Government in that all procurement must be undertaken in accordance with the threshold and actions of

- \$10,000 to \$100,000 written quotations from 3 suppliers;
- \$100,000 to \$150,000 Public Quotations;
- \$150,000 + Public Tender;
- Or Local Buy may be used in accordance with the Act

Exemptions to the above procurement requirements apply under certain circumstances as prescribed by Part 2, Division 12 of the *Local Government (General) Regulations 2021*. Such exemptions are managed by way of internal protocols and authoritative documents, and compliance with such must be *strictly* adhered to.

All Council procurement activities *must strictly* comply with these requirements except for emergency situations.

For quotes less than \$100,000 (GST exclusive) where goods 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 exclusive) and tenders greater than \$100,000 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.

Council may also undertake a public tender where the value of goods, works, and services does not reach the prescribed regulation threshold (\$150,000) in situations where it considers public tender to be preferred or prudent, or for risk management purposes, or for greater transparency, or public interest considerations.

All figures are to be considered to be GST inclusive unless explicitly written so.

### **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;
5. Interstate;
6. International

### **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 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 endeavour.

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 Members and Council employees must strictly comply with the conflict of interest requirements prescribed under the Act, Regulations and Council policy.

### **Responsible Financial Management**

The principles of responsible financial management in accordance with the Act and 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 efficiently and effectively to procure goods, works and services and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in the Procurement Policy. Variances in expenditure over 10% must be reported back to Council in accordance with the Act.

Procurement must be in accordance with the adopted annual budget. Items not within the approved budget must be referred to the Council for a resolution as per section 204(2)(a) of the Act.

#### **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**

Council will maintain for each procurement a level of documentation commensurate with the scale, scope and risk of the procurement in accordance with section 37 of the Regulations. Documentation should provide accurate and concise information on:

- The requirement for the procurement;
- The process that was followed;
- How VFM was considered and achieved;
- Relevant approvals;

- Relevant decisions and the basis of those decisions; and
- Any agreements with suppliers (e.g. written contract, purchase order, invoice or 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 process shall be conducted in accordance with the requirements of this Procurement Policy and any associated procedures and the Act and Regulations.

## 7. REFERENCES

Related Policies	SCH1-LGA2019 - Members Code of Conduct COR006 - Employee and Contractors Code of Conduct ADM023 – Risk Management Policy OCEO002 – Financial Delegations Manual FIN006 – Accounting and Policy Manual OCEO001 – Organisational Delegations Manual GOV029 – Records Management Policy
Legislation	<i>Local Government Act 2019</i> <i>Local Government (General) Regulations 2021</i>
Associated Documents	Request for Quote form; Evaluation/Exemption form; Requisition for new accounts payable form; and Quotation exemption pro forma.

## 8. DOCUMENT CONTROL

Policy Owner	Governance
Endorsed by	SLT
Date approved	27/02/2019 OMC
Revisions	22/02/2023 OMC, 24/04/2024 OMC
Amendments	22/02/2023, 24/04/2024
Next revision due	2028

## 9. CONTACT PERSON

Position	Manager – Corporate Compliance
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