

POLICY



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Policy title: **PROCUREMENT**

Directorate: ORGANISATIONAL SERVICES

Branch: ADMINISTRATION

Policy objective: The objective of this policy is to foster fair, ethical and financially effective practices in all procurement and contracting activities. All Council officers are required to be fair and honest in their procurement and contracting activities and to ensure value for Council is achieved.

Policy scope:

This policy is made in accordance with section 198 (procurement policy) of the Local Government Regulation 2012 and encompasses the principles applying to all purchases of goods, services and works and disposal of non-current assets by Council.

This policy is to apply in all instances where the Council is procuring goods and services, entering into contracts for the carrying out of work and the disposal of non-current assets

All procurement activities shall be in accordance with the requirements detailed in the procurement policies manual. The manual is a controlled document under the control of the Administration Manager.

Definitions:

TERM	DEFINITION
Procurement/contracting activity of a local government	Are activities for the making of a contract for - (a) the carrying out of work (b) the supply of goods or services; or (c) the disposal of non-current assets.

Policy statement:

1. All Council procurement must be carried out in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 (the "Regulation") and Council's procurement policies manual. Council's procurement/contracting model is based on the default contracting procedures in accordance with chapter 4, part 3 of the Regulation.
2. Consideration must be given to the following sound contracting principles when procuring goods and services for Council, the carrying out of work or disposing of Council non-current assets:
 - (a) value for money
 - (b) open and effective competition
 - (c) the development of competitive local business and industry

- (d) environmental protection
 - (e) ethical behaviour and fair dealing.
3. The details below are provided to assist with the interpretation and application of the principles.
- (a) **Value for money**
 - (i) All potential suppliers of goods and services to Council have the opportunity to offer quality goods and services that provide value for money to Council.
 - (ii) In a procurement process the "Value for Money" principle requires a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle (whole-of-life costing).
 - (iii) "Value for money" is enhanced in government procurement by:
 - encouraging competition by ensuring non-discrimination in procurement and using competitive procurement processes
 - promoting the use of resources in an efficient, effective and ethical manner
 - making decisions in an accountable and transparent manner.
 - (iv) In order to be in the best position to determine value for money when conducting a procurement process, request documentation needs to specify logical, clearly articulated, comprehensive and relevant conditions for participation and evaluation criteria which will enable the proper identification, assessment and comparison of the costs and benefits of all submissions on a fair and common basis over the whole procurement cycle.
 - (v) Cost is not the only determining factor in assessing value for money. Rather, when assessing alternative procurement processes or solutions, a whole-of-life assessment would include consideration of factors such as:
 - the maturity of the market for the property or service sought
 - the performance history of each prospective supplier
 - the relative risk of each proposal
 - the flexibility to adapt to possible change over the lifecycle of the property or service
 - financial considerations including all relevant direct and indirect benefits and costs over the whole procurement cycle
 - timely delivery
 - post delivery support
 - effective warranties
 - value-add proposals
 - the anticipated price that could be obtained, or cost that may be incurred, at the point of disposal
 - the evaluation of contract options (for example, contract extension options).

(b) ***Open and effective competition***

- (i) Competition is a key element of Council's procurement policy framework. Effective competition requires non-discrimination in procurement and the use of competitive procurement processes.
- (ii) All potential suppliers should have the same opportunities to compete for Council business and must, be treated equitably based on their legal, commercial, technical and financial abilities, and not on their degree of foreign affiliation or ownership, location or size. The property or services on offer must be considered on the basis of their suitability for their intended purpose, and not on the basis of their origin. The procurement process itself is an important consideration in achieving value for money. Participation in a procurement process imposes costs on Council and potential suppliers and these costs should be considered when determining a process commensurate with the scale, scope and relative risk of the proposed procurement.
- (iii) When undertaking procurement, branches need to conduct an appropriately competitive process of a scale commensurate with the size and risk profile of the particular procurement.
- (iv) Legislation specifies that specific procurement procedures are to be followed when the value of a particular procurement is above a certain threshold. These specific procedures further encourage competition and in a number of circumstances require an open tender process.
- (v) There are three (3) stages at which the open competition principle needs to be satisfied:
 - invitation to offer/tender process
 - assessment of offer/tender
 - administration of contract (ensure that the quoted/tendered services and rates are provided and invoiced).

(c) ***The development of competitive local business and industry***

- (i) Logan City Council gives consideration to the capabilities of local business and industry to supply Council, where the nature of the contract permits. The term "local" is to be interpreted in a generic sense by reference to the nature of the goods or services to be supplied and the nature of the suppliers. For example, where offers are received from Australian and overseas suppliers, the term local will encompass the Australian suppliers.
- (ii) Suppliers will be required to confirm their local business/local supplier status to Council when submitting quotations or tenders. The following criteria must be considered when seeking quotations/tenders:
- (iii) To award orders, tenders or contracts to purchase in favour of local businesses provided (in the opinion of the delegated authority):
 - there is not a significant financial differential
 - the quality of the goods or services to be performed is not below the appropriate standard
 - no employee of the Council or elected representative has a vested interest in the local business under consideration.

- (iv) Encourage local enterprises to seek the Council's business and provide them with every opportunity to tender.
 - (v) Show a preference to local business in accordance with the following hierarchy:
 - Logan City manufacturers
 - Logan City stockists
 - Queensland manufacturer and/or stockist
 - Australian manufacturer
 - Overseas origin.
- (d) ***Environmental protection***
- (i) By law any party entering into a contract with Council for the carrying out of work or the supply of goods or services must not cause an environmental nuisance or unlawful environmental harm pursuant to the *Environmental Protection Act 1994* (Qld). Further, the party must also comply with any other relevant laws and regulation.
 - (ii) Where appropriate:
 - the evaluation criteria should assess environmental considerations
 - in the tender assessment process, preference should be given to tenderers where the relevant tender demonstrates greater environmental protection than other tenders submitted
 - Standard Contracts should be modified to ensure that tenderers are aware of their obligations relating to environmental protection.
 - (iii) Council is committed to protecting the environment and conducting business with ethical and socially responsible suppliers. Branches must integrate the practice of sustainability into the procurement/purchasing of goods, services and construction.
 - (iv) Council seeks to progressively increase the proportion of its procurement/purchasing expenditure on sustainable goods and services. The selection of suppliers should align with Council's strategic and operational objectives.
- (e) ***Ethical behaviour and fair dealing***
- (i) Ethics are the moral principles or values that guide officials in all aspects of their work. Ethical behaviour encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency. Ethical behaviour includes avoiding conflicts of interest, and not making improper use of an individual's position.
 - (ii) Ethical behaviour is important in public sector procurement as it involves the expenditure of public money, and is subject to public scrutiny. The standards of conduct applicable to all Logan City Council employees are the obligations stated in Council's code of conduct.
 - (iii) All officers and employees of Council should always behave ethically and fairly, including in their business undertakings. They shall observe the highest standards of ethics and integrity in undertaking procurement activities and act in an honest and professional manner that supports the standing of Council.

Ethical behaviour supports openness and accountability in a procurement process and gives suppliers confidence to participate in the public sector marketplace. Ethical behaviour can also reduce the cost of managing risks associated with fraud, theft, corruption, and other improper behaviour; and enhance confidence in public administration.

- (iv) The following principles, standards and behaviours must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:
 - full accountability shall be taken for all procurement decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money
 - all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with Council policies, procedures and code of conduct
 - purchasing is to be undertaken on a competitive basis in which all potential suppliers are treated impartially, honestly and consistently
 - all processes, evaluation and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies and to provide a clear audit trail
 - any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed
 - information other than pricing provided to Council by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation.
- (v) Council officers responsible for purchasing goods and services, entering into contracts for the carrying out of work, disposal of non-current assets and officers with associated delegation of authority must comply with this policy. It is the responsibility of all Council officers involved in the procurement process to understand the meaning and intent of this policy.

Related policies/legislation/other documents:

DOC ID	DOCUMENT TYPE	DOCUMENT NAME
13644618	Policies and Procedures	Procurement Policies Manual