

PROCUREMENT POLICY

Date Adopted by Council 9 February 2021

Public

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1. PURPOSE

The purpose of this Policy is to establish a framework of principles relating to the procurement activities undertaken by the City of Mitcham (“**Council**”) pursuant to the requirements of section 49 of the *Local Government Act, 1999* (“**Act**”), specifically:

- 1.1 Section 49 of the Act which requires Council to prepare and adopt policies on contracts and tenders for:
 - 1.1.1 the contracting out of services;
 - 1.1.2 competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
 - 1.1.3 the use of local goods and services.
- 1.2 Section 49 (a1) of the Act which requires Council to develop and maintain policies, practices and procedures directed towards:
 - 1.2.1 obtaining value in the expenditure of public money;
 - 1.2.2 providing for ethical and fair treatment of participants; and
 - 1.2.3 ensuring probity, accountability and transparency in procurement activities.
- 1.3 As well as meeting the above requirements, this Policy seeks to:
 - 1.3.1 communicate the strategic approach to procurement and integration of this activity across Council;
 - 1.3.2 outline the obligations of staff to ensure consistent procurement practices across Council;
 - 1.3.3 enable processes to be monitored, recorded and audited.
- 1.4 This Policy does not cover:
 - 1.4.1 expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts;
 - 1.4.2 the disposal of land and other assets owned by Council; or
 - 1.4.3 the purchase of land by Council.

2. SCOPE

This policy applies to the procurement of all goods and services by Council. The procurement of these goods and services must only relate to Council business and must not be of a personal nature.

3. MITCHAM 2030 STRATEGIC PLAN

This policy is supported by internal procedures and delegations and is consistent with Council's Strategic Plan "MITCHAM 2030" under Goal 4 as per the following:

- **Theme 4.1 Good Governance**

"We are transparent and accountable, make informed decisions, demonstrate integrity and empower our community to have a voice and participate in a meaningful way."

- **Theme 4.2 Organisational Improvement**

"We are efficient and effective with a culture of positive change and innovation to deliver sustainable outcomes and value for money services that meet community needs."

4. POLICY STATEMENT

Council aims to achieve best practice procurement outcomes at all times by:

- 4.1 maximising value for money through fair and competitive procurement;
- 4.2 making sound decisions with proper regard for probity, accountability and transparency;
- 4.3 working within Council's economic, social and environmental policies;
- 4.4 providing opportunity wherever possible for local businesses to supply to Council within a competitive environment;
- 4.5 appropriately managing risk; and
- 4.6 ensuring compliance with all relevant legislation.

5. PROCUREMENT PRINCIPLES

Council shall have regard to the following principles in its acquisition of goods and services:

- 5.1 Open and effective competition;
- 5.2 Value for Money (this is not restricted to price alone);
- 5.3 Development of competitive local business and industry;
- 5.4 Alignment with Council's Climate Emergency Declaration;
- 5.5 Ethics and Fair Dealing;
- 5.6 Accountability and Reporting; and
- 5.7 Equity

6. METHODS OF PROCUREMENT

The procurement method to be adopted is dependent on the level of expenditure and the associated risk. Generally, open and fair competition is achieved by undertaking an open market approach so that all interested parties have an opportunity to bid. However, there may be procurements in which the tender process will not necessarily deliver the best outcome for Council – in such instances, other market approaches may be more appropriate.

The methods of procurement used at the City of Mitcham are listed below:

- Quotations (RFQ / Written Quotes)
- Requests for Expression of Interest (REOI)
- Request for Tenders (RFT)
- City of Mitcham Panel Contracts
- Strategic Alliances

For a more detailed description of the methods of procurement, refer to the Procurement Guidelines.

7. PROCUREMENT MATRIX

The Procurement Matrix demonstrates the procurement process to be followed by Purchasers based on the level of expenditure and risk.

7.1 Category 1: Expenditure up to \$20,000

After a risk assessment is conducted, a purchaser needs to obtain only one quote.

7.2 Category 2: Expenditure between \$20,000 and \$100,000

After a risk assessment is conducted, a purchaser should obtain a minimum of three written quotes.

7.3 Category 3: Expenditure in excess of \$100,000

Purchasers are strongly advised to contact the procurement team for over \$100,000 as a tender process (open / select) will need to be completed.

In categories 1 and 2, if risk assessment registers as high/extreme, purchasers must contact procurement before the quoting process. For more detailed information, refer to procurement guidelines which lists further details relevant to the procurement process such as:

- Risk Assessment and specific risks that must be analysed
- Evaluation criteria and weighting to be used when evaluating quotes/submissions
- Conflict of interest guidelines
- Use of established panel contracts

8. EXEMPTION FROM THE PROCUREMENT PROCESS

- 8.1 There may be circumstances in which an exemption from the established procurement process is required to ensure the best outcome is achieved for Council.
- 8.2 In such circumstances, the CEO has delegation to authorise an exemption from the policy requirements in circumstances where, in the CEO's view, an exemption is required to ensure the best outcome is achieved for Council.

9. APPROVALS

- 9.1 Procurement of goods and services shall not take place unless they form part of a budget which has been formally approved by Council. Expenditure which does not form part of an approved budget may not be incurred or committed without formal approval of Council or the Chief Executive Officer.
- 9.2 Financial limits as listed in the Financial Delegations manual are to be adhered to and exercised by the appropriate delegate when undertaking procurement.
- 9.3 The requisitioning officer and authorising officer for the procurement of goods and services shall not be the same individual.

10. WORK HEALTH AND SAFETY

- 10.1 Council shall engage suppliers who are able to demonstrate and maintain a level of occupational health and safety acceptable to Council. At a minimum, this will be based on compliance with the Work Health and Safety Act, 2012 and associated regulations. Additional requirements specific to the procurement may be included in the Request for Tender document.
- 10.2 In undertaking any procurement activity, Council will consider the implications of safety to Council's employees, volunteers, the public and its contractors. Council supports the development and enhancement of safety processes to ensure a safe work environment is accessible to all.

11. ENVIRONMENTAL MANAGEMENT AND SUSTAINABILITY

Following Council's declaration of climate emergency,

- 11.1 In undertaking any procurement activity, Council shall take measurable and tangible actions towards achieving corporate net zero emissions and assisting the community in mitigating and responding to climate change by adopting sustainable procurement practices to prioritise low emission

products and services and incorporate zero emission design.

- 11.2 Consideration shall be given to whole of life costs, improved resource efficiency (including energy, materials, water, and waste), protection of the environment, use of recycled content whenever possible and environmental sustainability when procuring goods and services. For more information refer to the Procurement Guidelines.
- 11.3 Suppliers will be required to comply with all applicable environmental laws and provide evidence that they have done so.
- 11.4 Additional environmental requirements specific to the procurement may be requested as part of the procurement of goods and services.

12. LOCAL BENEFIT

Consideration shall be given to “local benefit” in the procurement of goods and services. For more information refer to the Procurement Guidelines.

13. CONFLICT OF INTEREST

All employees involved in procurement activities are required to observe the highest standards of integrity, probity and professional conduct. Any conflict of interest shall be declared prior to undertaking procurement activities. For more information refer to the Procurement Guidelines.

14. RISK MANAGEMENT

Risk management describes the planned and systematic approach used to identify, evaluate and manage the range of business risks inherent with the procurement of goods and services by Council. This will ensure that unexpected and undesirable outcomes are minimized whilst achieving the procurement objectives. For more information refer to the Procurement Guidelines.

15. DISABILITY DISCRIMINATION ACT

In purchasing goods and services, Council will incorporate the principles of the *Disability Discrimination Act 1992* and will ensure, as far as is possible, that it does not indirectly discriminate against people with disabilities in arrangements with external suppliers.

16. RECORDS MANAGEMENT

Council must maintain appropriate records for all procurement activities. For category 1 and 2 procurements that are not facilitated by Procurement, it is the purchaser's responsibility to keep appropriate records such as emails containing quotes, in Council's enterprise record management facility (ECM). For tenders facilitated by Procurement, appropriate tender and contract folders will be created for all relevant documentation and will be uploaded onto ECM for record keeping purposes. For more information regarding categories, refer to the Procurement Guidelines.

17. POLICY REVIEW

This Policy will be subject to review every four (4) years or sooner at the discretion of the relevant General Manager.

The CEO has delegated authority to endorse any amendments to the Policy that do not vary the intent of the policy.

18. VERSION HISTORY

VERSION	AUTHOR(S) POSITION	CHANGE S	DATE
1	Full Council	Adopted by Council	4 Mar 1996
2	Engineering & Environmental Services	Completely revised	8 Mar 2000
3	Corporate & Community Services		14 Aug 2001
4	Full Council	Completely revised	28 Jul 2009
5	Business Partner Procurement Strategy & Compliance	Updated to reflect changes in legislation and business requirements	9 Sept 2014
6	Manager Procurement Strategy and Compliance	Updated to ensure legislative compliance and simplification of the policy.	11 October 2016
7	Business Partner Procurement	Updated to enable establishment of Guidelines that support this Policy	September 2020
8	Full Council	Category thresholds included in Policy. – Adopted by Council	February 2021

19. DOCUMENT CONTROL

Responsible Department	Finance and Procurement	
Delegations Apply	YES	
Classification	Financial Management	
Applicable legislation	Local Government Act 1999	
Related Policies & Corporate Documents	Procurement Procedures, Delegations Manual	
Additional references	Procurement, Expenditure, Suppliers	
Endorsed by Council:	9 February 2021	
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