



Procurement Policy
Adopted February 2008
Engineering and Works



KIAMA
MUNICIPAL
COUNCIL

Procurement Policy

1.0 Purpose

Kiama Municipal Council is committed to implementing best practice procurement procedures and complying with legislative requirements. It also cares about social, economic and environmental sustainability for our region and focus on delivering positive outcomes for our community.

This Procurement Policy defines Council's procurement function including purchasing, corporate credit cards, tendering, contract management, payments relating to the acquisition and use of goods and services and also asset disposal.

Procurement is a function that is high risk in terms of corruption and therefore it is subjected to tight rules and processes. Successful procurement provides great opportunities to use the community's money wisely and to deliver goods and services in a sustainable way.

2.0 Objectives

This Policy has been developed to establish how Council's procurement practices can support the implementation of Council's corporate strategies and to provide a procurement function that manages risk and the safety of Council officers, business partners and the community.

Council employees are operating in an increasingly dynamic commercial environment. These demands, combined with the general community's expectations for higher standards and greater accountability, make consistency in process and documentation control a crucial element of council purchasing.

One of the objectives is to ensure that acquisition planning and supplier evaluation is clearly linked to Council's strategic directions and is supported by efficient and effective contract management and evaluation.

It is also to provide clarity of accountabilities and guidance for officers, with delegated authority engaged in purchasing, use of corporate credit cards, tendering, contract management, payments and asset disposal relating to the acquisition and use of goods and services.

By building upon Council's existing business principles, its objective is to ensure that its procurement practices:

- make efficient and effective use of its own and suppliers' resources
- provide best value to Council
- ensure fair, open and effective comparison
- are ethical and compliant with current legislation
- improve the local amenity of communities and are socially responsible
- identify and manage risks to maximise opportunities and manage potentially adverse consequences
- use skilled resources to provide procurement advice and guidance
- ensure Council and its staff act within their delegations and are accountable for decision-making in procurement
- ensure a safe working environment for all officers, suppliers, contractors, volunteers and visitors
- ensure all business have the same opportunity to tender for Council contracts
- actively enhance partnerships with other councils, suppliers and community stakeholders.

3.0 Scope

Council officers must comply with this policy, and must be able to demonstrate through training or certification that they can address all the principles within the policy and procedures that support it. It may also apply to consultants or agents purchasing goods and services under the authorisation or delegation of Council.

4.0 References

Council has defined responsibilities under the NSW Local Government Act 1993 and the Local Government (General) Regulation 2005 to undertake certain functions that include calling for tenders in the circumstances and manner prescribed, and managing and improving the resources of their area taking into account sustainability and the needs of the community.

This document should be read in conjunction with:

- Code of Conduct
- Statement of Business Ethics
- Procurement procedures general
- Purchase card management policy
- Local Preference Policy.

5.0 Statement

Council will ensure value for money through a balanced whole-of-life evaluation that includes consideration of:

- financial, social, ethical, local economic and environmental factors
- delivering on its commitment to procurement that meets operational requirements
- compliance with all legislative and risk management requirements
- unnecessary consumption, manage demand for goods and service, and maximise the efficiency of those products and services that are purchased
- best value for money for the community, ensuring cost effective and efficient methods of procurement
- establishing procurement procedures that ensure fair, open and effective competition, including by ensuring that tenders are called when required by legislation
- developing supplier relationships in a manner that is ethical, efficient, fair and transparent, and that respects their confidential information
- exercising responsible financial management and accountability for procurement actions
- supporting Australian owned suppliers and/or suppliers who manufacture in Australia, where appropriate and permissible by law
- establishing performance agreements with our key local suppliers and monitor their performance
- identifying and managing the risks associated with procurement within Council
- ensuring a safe working environment for all officers, suppliers, contractors, volunteers and visitors where materials and equipment purchased are fit for purpose and comply with legislative and workplace requirements
- providing ethical business dealings and scrutiny from internal & external stakeholders
- staff engaged in procurement will be trained in Council's policies, procedures and systems; and be certified as understanding them, prior to being provided authority and access to procurement systems

- the procurement/lease of land and property is excluded from this Council policy
- standard contract conditions will not be altered or varied without the approval of the General Manager or Council's Contract Manager
- Council's purchasing procedures will align with the Independent Commission Against Corruption (ICAC) *Procurement Policies* (www.icac.nsw.gov.au) and Department of Local Government guidelines (www.lgsa.org.au).

6.0 Procurement activities

Procurement activities must:

- demonstrate the relationship to Council's priorities, objectives and values
- demonstrate environmental standards and responsibility
- display professionalism, integrity, probity and not behave in any manner that contravenes Council's Code of Conduct, values and Code of Business Ethics
- avoid any actual, or perception of any possible, conflict of interest or corrupt conduct
- maintain confidentiality of information obtained that relates to procurement activities and not provide any unfair advantage or bias to any supplier.

To reduce risk associated with procurement activities, Council staff will:

- determine the level of risk associated with the acquisition when deciding on the method of purchase to be used
- undertake and document a risk analysis for all procurement involving the process of calling of tenders or as determined by the delegated purchasing officer
- ensure segregation of duties in the requisitioning, approval and payment functions
- only approve the incurring of expenditure up to their delegated monetary level and within budgetary limits
- ensure all suppliers are registered and contracted with Council through a registration process that confirms a pre-approved and/or established systems of Work Health and Safety systems, environmental factors and insurances are in place (www.bngconserve.com.au)
- use internal procurement services, Council stores, State Government Contracts, Local Government Procurement Contracts, and Period Contracts whenever possible
- provide suppliers with Council's standard purchase order and/or contract prior to supply
- maintain a contract register and procedures for contract variation and contractor evaluation.

Council does not support the extension of contracts as a means of avoiding periodic competitive pricing, in accordance with Tender and Quotation Management.

The purchase of WH&S restricted or dangerous goods and services must only be arranged with qualified suppliers who have achieved registration with Council.

Council supports sustainable work practices with minimal environmental impact and will incorporate sustainability evaluation criteria in all procurement activities asking suppliers to demonstrate commitment to the environment.

Suppliers must be provided access to open and fair competition to compete for Council business which will include formal contractual arrangement between Council and suppliers.

Suppliers will be eliminated from the procurement process if found to be lobbying councillors or staff during the procurement process.

6.1 Local preference purchasing

Council supports the strengthening of local economic capacity through the Local Preference Purchasing policy.

The purpose of this policy is to ensure that Council achieves the best overall value for money in its procurement of goods and services, while where possible giving preference to local suppliers, and non-local suppliers using local content to support Municipality economic development.

Refer to Council’s Local Preference Policy for details.

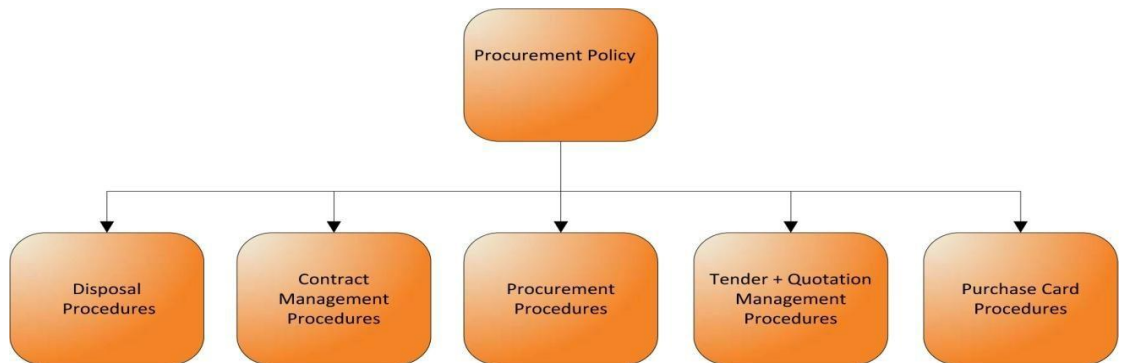
6.2 Social procurement

Council supports the integration of the principles of social procurement into all areas of Council business through its procurement procedures.

Social procurement provides a sound and effective way for the public, private and not-for-profit sectors to achieve social goals and address community issues as part of the way they do business, integrating commitment to corporate social responsibility into mainstream organisational activities.

7.0 Framework

The framework for procedures under the Procurement Policy is shown below:



8.0 Document control

Directorate:	Engineering & Works
Policy name:	Procurement Policy
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