


QPRC Procurement Policy

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1. OUTCOMES

- 1.1 This purpose of this policy is to set the standards by which Council will conduct its procurement activities, that align with the principles of transparency, probity and good governance, and that deliver best value for money.

2. POLICY

- 2.1 Procurement activities are all activities undertaken in order to obtain works, goods, materials and services from external providers.
- 2.2 It is the responsibility of those conducting procurement activities to make wise use of the community's money, while adhering to governance requirements and promoting open and fair competition. QPRC will ensure all business dealings conducted are fair, ethical, transparent and impartial, while meeting high standards of probity, avoiding any conflict of interest.
- 2.3 The key objective of this policy is to ensure all procurement activities are conducted with regards to regulatory requirements, achieve value for money for Council on behalf of the community and are conducted in an efficient manner
- 2.4 Procurement activities support the delivery of Council's Community Strategic Plan by incorporating Quadruple Bottom Line (QBL) principles consisting of the four key elements of social, economic, environmental and civil leadership. QPRC will undertake procurement activities with due consideration of the range of potential benefits delivered to the community. Benefits to be considered include financial, local economic development, social benefits and environmental stewardship.
- 2.5 QPRC will ensure all procurement activities are conducted in accordance with the legislative requirements set out in the Local Government Act (1993) and General Regulation (2005).
- 2.6 Council will give due consideration to the Modern Slavery Act (2018) and exercise due diligence in its supply-chain management.
- 2.7 Council will monitor procurement activity for compliance with all Council's relevant Policies and Frameworks (listed in section 5) including risk management, corporate compliance and overall adherence to procurement policy and procedures. Regular compliance monitoring and reporting will be conducted at the Branch level.

3. SCOPE OF THE POLICY

- 3.1 This Procurement Policy applies to all procurement activity conducted within and on behalf of QPRC for procurement of specific goods and/or services including engagement of contractors for membership of pre-qualified supplier panels and tendering.

4. DEFINITIONS

Accountability — the level at which responsibility for a procurement process sits denotes accountability.

Council — refers to Queanbeyan-Palerang Regional Council.

Procurement — the complete set of activities involved in obtaining goods and services.

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Exemption — approval process undertaken to omit a procurement activity from following procedural requirements.

Impartial — omission of bias or prejudice in decision making processes.

Open/Fair Competition — equal treatment of prospective suppliers with regard to information access and assessment criteria for procurement requests.

Probity — considerations of ethical, transparent and defensible procurement conduct.

Procurement Category — the category under which goods or services fall that determines the product type, use and management.

QBL — quadruple bottom line, refers to social, economic, environmental and civil leadership considerations within Council.

Risk — level of exposure to financial, reputational, environmental or other harm due to procurement activities.

Supplier Panel — a pre-qualified list of suppliers engaged to provide Council with specific goods or services over a fixed term.

Sustainability — the ability to meet Council's needs without compromising the ability of future generations to meet their own needs.

Thresholds — the financial limits determining different levels of procurement activities.

Total Benefit — the whole-of-life benefits of a procurement activity including ongoing effects.

Total Cost — the whole-of-life cost of a procurement activity from sourcing and either disposal or ongoing management.

Value for Money — differential between Total Cost and Total Benefit.

5. LEGISLATIVE OBLIGATIONS AND/OR RELEVANT STANDARDS

5.1 Procurement of good and services for Council is governed by the following State legislation and Regulations:

- *Local Government Act 1993 No 30*
 - Section 7 (d-e) and 8 (1) (social/environmental responsibility)
 - Section 55 and 55a (Tendering)
- *Local Government (General) Regulation 2005*
 - Part 7 (Tendering)
 - Part 9 Division 1-5 (Management and Accountability)
- *Modern Slavery Act 2018 No 30*
 - Parts 1 and 3 (Transparency of Supply Chains)
- *Local Government (Regional Joint Organisations) Proclamation 2018*
- *Government Information (Public Access) Act 2009 No 52 (GIPA)*
 - Parts 1-3 (Open access information)
- *Environmental Planning and Assessment Act 1979 No 203*
 - Parts 1-3 (Planning administration and instruments)
- *Work Health and Safety Act 2011 No 10*

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- Division of Local Government (DLG) Tendering Guidelines for NSW Local Government 2009
- ISO20400:2018 – Sustainable Procurement – Guidance

5.2 This Policy is to be read in conjunction with the following QPRC documents:

- Procurement Procedures (Promapp)
- Procurement & Compliance Guidelines
- Code of Conduct
- Council Operations Sustainability Policy
- Decision Making Framework Policy
- Fraud Control Policy
- Legislative Compliance Policy
- Operations Sustainability Policy
- Purchasing/Credit Card Directive
- Regional Economic Development Strategy
- Risk Management Directive & Risk Management Policy
- Statement of Business Ethics
- Sustainable Design Policy for Council Buildings

Any inconsistency that may arise between QPRC Policies or Procedures and relevant legislation shall be resolved in favour of the requirements of current legislation.

6. CONTENT

6.1 *Procurement thresholds*

6.1.1 Council procurement thresholds are dollar value levels that determine the minimum standards for procurement methods. The thresholds enable Council Officers to make procurement decisions to achieve best value for money, manage risk and adhere to legislative requirements.

6.1.2 Procurement thresholds divide procurement activities into four \$ value levels with specific guidelines on minimum procurement methods for each and these are included in Schedule 1, Table 1.

6.2 *Value for money*

6.2.1 As a core principle of procurement within QPRC, goods or services being procured should represent the best return and performance for the total cost of ownership.

6.2.2 Value for Money is the differential between the total benefit derived from goods or service against their complete lifecycle cost. .

6.2.3 Methods of procurement must be cost effective and efficient, taking into account all relevant costs and benefits from the sourcing of raw materials to disposal or completion of services.

6.2.4 Value for money is achieved when the 'right sized' procurement solution is selected to meet the organisation's needs, and procedures are proportionate to the benefit gained. Specifications and scope are important considerations when determining Value for Money.

6.2.5 A value for money assessment for any purchasing process should consider both price and non-price factors. Guidance on best practice procurement to maximise value for money is provided within the Procurement Guidelines.

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6.3 **Local economic benefit**

- 6.3.1 Council is committed to supporting the local economy and enhancing the capabilities of local business and industry. Council will give due consideration to benefits to the local economy when sourcing goods and services where it is efficient to do so, while achieving Council's overall value for money objectives.
- 6.3.2 Where local content is included in the value for money assessment, a weighting will be applied within the evaluation criteria. The weighting is applied to the overall assessment taking into account all other price and non-price criteria to determine the best outcome for Council and the community.

6.4 **Sustainability through procurement**

6.4.1 Council's objectives for sustainable procurement are as follows:

- (a) Minimise unnecessary purchasing – consider alternatives to purchasing and only purchase when a product is necessary;
- (b) Minimise waste – purchase in accordance with the waste management hierarchy of reduce, re-use and recycle;
- (c) Reduce natural resource consumption – purchase products that conserve natural resources such as energy, water and fuel.
- (d) Minimise pollution – where possible avoid purchasing products that pollute the environment (air, water soil, light and noise)
- (e) Eliminate toxic products – where possible avoid purchasing hazardous chemicals or substances that may be harmful to ecosystems or human health;
- (f) Reduce greenhouse emissions – purchase products that can reduce emissions or have lower associated emissions. Prioritise products that are carbon neutral or carbon negative;
- (g) Achieve biodiversity and habitat protection – purchase in accordance with biodiversity and conservation objectives.

6.4.2 To deliver the objectives, Council will pursue the following actions:

- (a) Foster innovation in sustainable products and services
- (b) Eliminate inefficiency, waste and expenditure
- (c) Contribute to the combined purchasing power of Local Government to stimulate demand for sustainable products
- (d) Advance sustainability by conducting complete lifecycle analysis during procurement activities
- (e) Increase staff awareness of sustainable product ranges available in each procurement category
- (f) Deliver Council's commitments in relation to ecologically sustainable development and other environmental and social obligations
- (g) Take a leadership role in the advancement of long term social and environmental sustainability
- (h) Include relevant Community Strategic Plan objectives within evaluation criteria to achieve sustainable outcomes.

6.4.3 Council will facilitate greater integration between sustainability and procurement outcomes by conducting procurement activities in accordance with *AS ISO20400: Sustainable Procurement – Guidance*. Maturity assessments for sustainable procurement will be conducted yearly to assess the effectiveness of this integration.

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6.5 ***Building and maintaining procurement capacity***

6.5.1 *Procurement Options*

6.5.1.1 Council participates in in-house, regional and sector aggregated procurement engagements and panels to deliver best value outcomes.

6.5.1.2 In accordance with 55(3)(a) of the Local Government Act 1993 Council seeks procurement quotations through panels established by the organisations prescribed in the Local Government (General) Regulations 2005 without the requirement to proceed to tender.

6.5.1.3 Where the procurement is greater than the value nominated in section 163 (1) of the Regulation and is not being conducted under panel arrangements as listed above, the tender shall be advertised as an open tender in accordance with Part 7 of the Regulation.

6.5.1.4 CRJO identifies and facilitates group purchasing activities on behalf of its member councils, and the ACT Government, and is another third party through which Council partners (via a tender process) to achieve contractual arrangements to procure goods, materials and services.

6.5.1.5 Where council is required by section 55 of the Act to invite tenders before entering into a contract, Council may resolve to undertake an alternative select tender method in accordance with clauses 168 and 169 of the Regulation.

6.5.2 *Supply Market Development*

6.5.2.1 Council maximises the prospect of obtaining the most cost-effective outcomes by promoting open and effective competition. Council invites a wide pool of suppliers to compete for work with the focus for new works not to be solely directed at larger or familiar businesses; other types of organisations offering business diversity may include:

- Local businesses
- Suppliers with a focus on sustainability
- Small to medium sized enterprises
- Social enterprises
- Voluntary and community organisations
- Regional procurement suppliers within the CRJO (Canberra Region Join Organisation)

6.5.3 *Continuous Improvement*

6.5.3.1 Council is committed to ensuring continuous improvement of procurement processes to ensure policies, procedures and guidelines remain consistent with current legislation, market trends and Council's own strategic goals.

6.5.4 *Staff Training*

6.5.4.1 Appropriate training will be provided to all staff involved in Council procurement activities to ensure awareness of the requirements and responsibilities under this policy.

6.6 ***Procurement compliance***

6.6.1 Council will monitor the performance of its procurement activities for compliance with Council Policy and Procedures and NSW Legislation to ensure lifecycle analysis of goods, services and contracts is taking place. Failure to follow procurement procedures, without appropriate

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exemptions in place, will be subject to enquiry and recommendations followed in line with Procurement Compliance Guidelines.

6.7 **Risk management**

6.7.1 In order to minimise the risks associated with any procurement activity, Council will undertake appropriate risk identification and mitigation strategies to allow for contingency planning prior to, during and following procurement activities.

6.7.2 Risk management is to be conducted in accordance with Council's Risk Management Directive and Risk Management policies. Methods of risk assessment are outlined in the Procurement Procedures.

6.8 **Probity and transparency**

6.8.1 Council officers involved in procurement activities must comply with the highest standards of probity and ethical behaviour. Business is conducted in a fair, honest and open manner with due regard to public interest. Council officers will:

- (a) Conduct all procurement activity fairly, impartially, consistently and professionally with all suppliers.
- (b) Declare any real or perceived conflict of interests to their manager immediately after becoming aware of the conflict.
- (c) Maintain the confidentiality of all aspects of offers and information received in response to an Expression of Interest, Request for Quotation or a Request for Tender.
- (d) Maintain adequate and appropriate documentation throughout the procurement activity.
- (e) Ensure their knowledge and understanding of the market is as thorough and up-to-date as practicable prior to commencing a procurement activity

6.9 **Exemptions**

6.9.1 Exemptions from public tendering requirements are listed in Section 55(3) of the *Local Government Act 1993*. These are the only exemptions that apply to procurement within QPRC.

6.9.2 Applications for tendering exemptions must be made in accordance with the Procurement Procedures to ensure probity and record keeping integrity.

6.9.3 Procurement activities conducted through contractual arrangements with prescribed organisations listed under Section 163(1A) of the *Local Government Regulations* are not required to proceed to tender, provided those arrangements are conducted in accordance with The Act.

6.10 **Systems Management**

6.10.1 All procurement activity is conducted in accordance with guidelines and templates provided within in QPRCs Procurement Procedure and Guidelines. All procurement activities are transacted through Council's financial system and records maintained appropriately in Council's document management system.

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6.10.2 All contracts greater than \$50,000 are to be registered in Council's contract management system.

6.11 ***Accountability and responsibility***

6.11.1 The authorisation levels for the procurement of goods and services, including financial delegation limits for Council Officers can only be delegated by the CEO. These delegations are contained within the Council's Delegation Register.

6.11.2 Council is responsible for establishing effective governance arrangements and processes for the acquisition of works, goods, materials, consultancies and services.

6.11.3 Staff whose position descriptions include responsibilities for procurement are responsible for purchasing in accordance with this Policy and Procedures subject to their delegated authority.

6.12 ***Performance indicators***

Council will monitor the overall performance of its procurement related activities. Specific procurement KPI's are in place to ensure correct procedures are followed with non-compliance to procurement procedures identified and managed in accordance with the Procurement Compliance Guidelines.

7. **REVIEW**

7.1 This Policy will be reviewed every two years or earlier as necessary if:

- (a) legislation requires it, or
- (b) Council's functions, structure or activities change.

QPRC Procurement Policy

Schedule 1

Table 1: QPRC Procurement Methods and Financial Thresholds

All procurement activity at QPRC must comply with the following minimum standards. Council Officers are required to select the method of procurement that achieves open and fair competition and best overall value for money – in many cases this will require staff to select methods over and above the minimum levels.

Level	\$ Value (Inc GST)	Procurement Method	Number of quotes (panel) ^{^^}	Number of quotes (non-panel)
1	Less than \$20,000	Verbal quote	At least 1 verbal quote	At least 1 verbal quote
2	Between \$20,001 and \$100,000	Written quote	2 written quotes from preferred panel	3 written quotes
3	Between \$100,000 and \$249,999	Written quote	3 written quotes via formal RFQ process from preferred panel	3 written quotes via formal RFQ process. Can also be publicly advertised
4	Procurements \$250,000 or greater	Public Tender (RFT, EOI, Select Tender) or preferred panel ^{^^}	3 written quotes via formal RFQ process from preferred panel	Public Tender (RFT) or EOI followed by selective tender

Please Note:

^{^^} Panels include those established by prescribed organisations and QPRC supplier panels established by public tender

Legislation Precedence: The tendering thresholds provided in the Local Government Act 1993 take precedence over Council's Procurement Policy