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## Contents

1. Policy Statement/Objectives .....	2
2. Scope .....	2
3. References .....	3
4. Consultations .....	3
5. Definitions .....	3
6. Variation and review .....	4
7. Policy .....	4
7.1. Responsible Financial Management and Value for Money .....	4
7.2. Meeting the Needs of the Community .....	5
7.3. Ensuring Integrity, Transparency and Probity .....	5
7.4. Promoting Economic, Social and Environmental Sustainability .....	5
7.5. Promoting Good Management Practices .....	6
7.6. Record Keeping .....	7
7.7. Monitoring and Reporting .....	7
7.8. Procurement Generally .....	7
8. Roles and Responsibilities .....	7
7.9. Council .....	7
7.10. Chief Executive Officer .....	7
7.11. Directors .....	7
7.12. Staff .....	8
9. Related Forms/Documents .....	8
10. Attachments .....	8
11. Procurement Framework .....	8
12. Authorisation .....	8

## 1. Policy Statement/Objectives

Kiama Municipal Council is committed to implementing best practice procurement procedures and complying with legislative requirements whilst delivering positive outcomes for our community that consider social, economic and environmental sustainability.

The Policy outlines the guiding principles for Council in its procurement function including purchasing, use of corporate credit cards, tendering, contract management, payments relating to the acquisition and use of goods and services, and to assist in:

- Ensuring best value for money and cost effectiveness
- Meeting the needs of the community
- Ensuring integrity, transparency and probity
- Promoting economic, social and environmental sustainability
- Ensuring that procurement decisions consider social value, social impact, and the sustainability of the environment
- Promoting local economic development
- Promoting good management practices
- Risk management
- Record keeping
- Monitoring and reporting

The policy also describes the legislative framework within which Council operates; the practices within Council; staff responsibilities and expected behaviours of Councillors, Council staff, suppliers and contractors of Council.

The procurement function 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 much needed goods and services in a sustainable way.

### Public/Social Impact

- Community – The Procurement Policy provides clarity on Council's commitment to ensuring a sustainable, fair, transparent, socially equitable and accountable procurement process.
- Councillors – The Procurement Policy applies to Councillors and Council staff involved in any Council Procurement process.
- Customers – All suppliers must be aware of Council's ethical and impartial requirements relating to procurement. Suppliers may be eliminated from procurement processes if found to be lobbying Councillors or staff during the procurement process.
- Local Suppliers – Council will (where possible) give preference to local suppliers, and non-local suppliers using local content to support the Municipality's economic development.

## 2. Scope

This policy applies to all members of Council staff, including Councillors and all consultants, contractors, temporary or casual employees of Council who are involved in any Council procurement process under the authorisation or delegation of Council.

This policy applies to all procurement and contract activities undertaken by Council including, but not limited to:

- Petty cash
- Council credit cards

- Purchasing
- Requisitioning
- Purchase orders
- Tendering
- Expressions of Interests (EOI)
- Quotations (formal and informal)
- Contract management
- Payments
- Goods Receipting

This Procurement Policy should be read in conjunction with Procurement Guidelines, the Formal Quotation and Tendering Procedures, the Formal Quotation and Tendering Guidelines, and the Acquisition and Disposal of Land and Easements Policy documents.

The **Chief Financial Officer** is responsible for enforcing this Policy.

This Policy excludes the procurement/lease of land and property. The *Acquisition and Disposal of Land and Easements Policy* and the Public Land Management Policy can be found on Council's website.

### 3. References

- The Local Government Act 1993
- Local Government (General) Regulation 2021
- Work Health & Safety Act 2011
- Tendering Guidelines for NSW Local Government
- ICAC Guidelines
- Sustainable Procurement Standard 20400
- Modern Slavery Amendment Act 2021.

### 4. Consultations

- Chief Financial Officer
- Governance Coordinator
- Director of Engineering and Works

### 5. Definitions

Delegation	Approval from the Chief Executive Officer to Council Officers – an appropriate level of authority to incur and approve expenditure of Council funds
Procurement	Procurement is the full range of activities related to purchasing goods, services and works. The procurement process spans the entire life cycle of the product or service from inception and

	design through to contract management and disposal of any assets.
Prescribed Agency	Organisations prescribed by the Local Government Act that allow Council access to their existing contracts. For example, Local Government Procurement and Procurement Australia.
Social Enterprise	Businesses lead by an economic, social, cultural or environmental mission that redirect the majority of their profit/surplus into their mission.
Social Procurement	The generation of social value and positive social outcomes through procurement processes.
Social Value	The added social impacts and benefits generated through a purchasing or procurement process, over and above the direct financial benefit of an achieved initiative cannot always be definitively stated.

## 6. Variation and review

Council reserves the right to review, vary or revoke this policy.

## 7. Policy

### 7.1. Responsible Financial Management and Value for Money

The overarching consideration for Council procurement is ensuring best value for money in the procurement of goods, services and construction.

Value for money is not necessarily the lowest price, nor the highest quality good or service. It requires a balanced assessment of a range of financial and non-financial factors, such as: quality; cost; fitness for purpose; capability; capacity; risk; total cost of ownership, or other relevant factors.

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

The availability of existing funds within an approved budget, or source of funds, are established prior the commencement of any procurement process.

- Cost effective and efficient methods of procurement.
- Regard must be given to all relevant costs and benefits over the whole of life from the sourcing of raw materials to disposal of the goods or services being procured.
- Delivering on its commitment to procurement that meets operational requirements.
- Exercising responsible financial management and accountability for procurement actions.
- Credit cards are an efficient and effective procurement tool for low value purchases. Where appropriate, the use of credit cards for low value transactions should be maximised and appropriate control and procedures maintained to minimise the inherent risk.

## 7.2. Meeting the Needs of the Community

Community engagement will be undertaken in accordance with Council's Community Engagement Policy, to identify the priorities that inform the Community Strategic Plan, and the Delivery Program and Operational Plan, that the procurement function supports.

The assessment of proposals must ensure that the community's needs are being met or exceeded and that stakeholder satisfaction is gained. Assessment criteria must ensure community need is considered during decision making.

As a minimum, meeting the community need will be a consideration of the following:

- Best for value for money
- Sustainability
- Risk management (e.g., environmental, financial, safety)
- Timeliness

## 7.3. Ensuring Integrity, Transparency and Probity

Council procurement processes will be conducted in a fair, honest and open manner, with the highest levels of probity and integrity. All suppliers / tenderers will be treated fairly and have access to the same opportunities and information. There must be no improper advantage and all processes must withstand public and internal audit scrutiny.

Suppliers may be eliminated from any procurement process if found to be lobbying Councillors or staff during the procurement process.

Council officers will undertake their work in accordance with the Kiama Municipal Council Code of Conduct and maintain impartiality at all times. Staff with an actual, perceived or a potential conflict of interest must declare and manage that interest without delay. Failure to do so may result in disciplinary action.

Staff engaged in procurement will be trained in Council's policies, procedures and systems prior to being provided the authority and access to procurement systems.

Council's procurement procedures will align with the Independent Commission Against Corruption (ICAC) Act 1998, this Procurement Policy document and Office of Local Government guidelines.

Except under exceptional circumstances, Council will not extend contracts with suppliers unnecessarily, and will ensure that regular periodic competitive quotation and tender processes occur to allow regular testing of the value Council is achieving.

## 7.4. Promoting Economic, Social and Environmental Sustainability

Sustainability involves maintaining and enhancing our quality of life, for both current and future generations, through a balance of economic viability, environmental considerations and restoration and community wellbeing.

Staff will consider the entire life cycle of a product i.e., production, distribution, usage and end of life stages, when determining the sustainability component of the overall value of any procurement and be guided by:

- Elimination of unnecessary consumption, inefficiency, waste and expenditure
- Managing demand for goods and services, and maximizing the efficiency of those products and services that are to be purchased
- Opportunities to utilise the combined purchasing power of local government
- Increase utilisation of quality sustainable product.

Council supports strengthening local economic capacity through purchasing locally where appropriate. Quotation and tenders are to be assessed in accordance with the local buying requirements contained within the Procurement Guidelines.

Where appropriate, incorporate sustainability evaluation criteria in procurement activities to allow suppliers to demonstrate their commitment to environmental sustainability through whole of life considerations (costs v benefit), minimizing pollution, disposal of assets, habitat protection, minimizing waste and unnecessary purchasing.

Ecologically Sustainable Development (ESD) will be promoted by Council in the design of new and refurbishment of existing facilities. ESD is to be included in the selection criteria where appropriate.

Council payment terms are 30 calendar days from receipt of a valid tax invoice, subject to compliance with the Building and Construction Industry Security and Payment Act 1999.

Payment Terms exceptions must be approved by the Chief Executive Officer or the Chief Financial Officer.

### 7.5. Promoting Good Management Practices

All tenders prepared by Kiama Municipal Council will comply with the Local Government Act 1993, Local Government (General) Regulation 2005, NSW Government Code of Practice for Procurement 2005 and Tendering Guidelines for NSW Local Government October 2009.

All information required to be disclosed under the NSW Government Information (Public Access) Act 2009 will be made available. Council staff must take all reasonable steps to ensure that all information in relation to the procurement process remains confidential, except that which is in the public domain. This includes the content of offers, any supporting information provided by Council or third parties and the outcomes of the evaluation.

Procurement documents must be prepared in accordance with Council's Procurement and Contracts guidelines available internally. Standard, approved forms of contract will be utilised for agreements where appropriate.

Assessment of proposals will ensure compliance with the Work Health & Safety Act 2011 to provide a safe working environment for all officers, suppliers, contractors, volunteers and visitors where materials and equipment purchase are fit for purpose and comply with legislative and workplace requirements.

All procurement documents must stipulate WH&S, environmental and quality assurance system provisions required.

Expenditure will be approved within staff delegations and available budgetary limits.

All members of Council staff engaged in procurement must have a copy of their delegation, understand their delegation including the financial limitations and not take action outside the scope of the delegated authority to their position.

Where available internal procurement services, existing contracts and Prescribed Entity contracts should be used wherever possible.

Where internal procurement services and existing contracts are not available, quotations and tenders will be sought in accordance with the Procurement Guidelines.

Where appropriate Key Performance Indicators should be established and monitored throughout the contract period.

Ensure suppliers are registered and contracted with Council through a registration process that confirms pre-approved and/or established systems of WH&S, environmental factors and insurances are in place.

The delegated purchasing officer should undertake and document a risk analysis for all procurements involving the process of calling for tenders.

## 7.6. Record Keeping

It is important to keep consistent accurate records to demonstrate a transparent and equitable process demonstrating probity considerations have been applied.

Staff will ensure that records for procurement activities are kept and recorded in Council's record management system.

Procurement records can be requested by external authorities or be the subject of a request for information under the Government Information (Public Access) Act 2009.

Accurate record keeping can assist Council to provide feedback to offerors and can assist to effectively manage disputes and/or breaches.

## 7.7. Monitoring and Reporting

Regular monitoring, evaluation and reporting is essential to ensure that procurement processes perform as designed and identify opportunities to improve practices while adhering to ethical and compliance standards.

Procurement and purchasing processes will be subject to audit /review on a timeframe to be determined by Council's Audit, Risk and Improvement Committee based on a risk-based Audit Program.

Scheduled and ad-hoc exception reporting will be undertaken to enable monitoring of procurement activity and associated compliance with the policy.

## 7.8. Procurement Generally

All methods of procurement including petty cash, credit cards and purchase orders must be conducted within limiting value thresholds and available budget constraints. Splitting of transactions to avoid exceeding threshold limits is not permitted. Detailed information on thresholds is contained in Procurement Guidelines.

# 8. Roles and Responsibilities

## 7.9. Council

In accordance with the Local Government Act, 1993 the Council is responsible for accepting or declining tenders. Council may delegate to the Chief Executive Officer the authority to accept tenders in certain circumstances.

## 7.10. Chief Executive Officer

If delegated the authority by Council, the Chief Executive Officer has the authority to accept but not decline tenders. The Chief Executive Officer is responsible for the authorisation of delegations to employees for the acquisition of goods and/or services to the value specified.

## 7.11. Directors

Directors are responsible for ensuring their Division adheres to the requirements of this policy and provide guidance in respect of the strategic procurement goals of the division and organisation.

Directors should ensure that procurement spend is within Divisional budget and review purchasing reports for compliance with policy and unusual transactions. Directors are responsible for ensuring their teams keep adequate records on procurements they undertake.

## 7.12. Staff

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 its supporting procedures. Staff must also operate within the authorities of any financial or procurement delegations granted to them by the Chief Executive Officer.

## 9. Related Forms/Documents

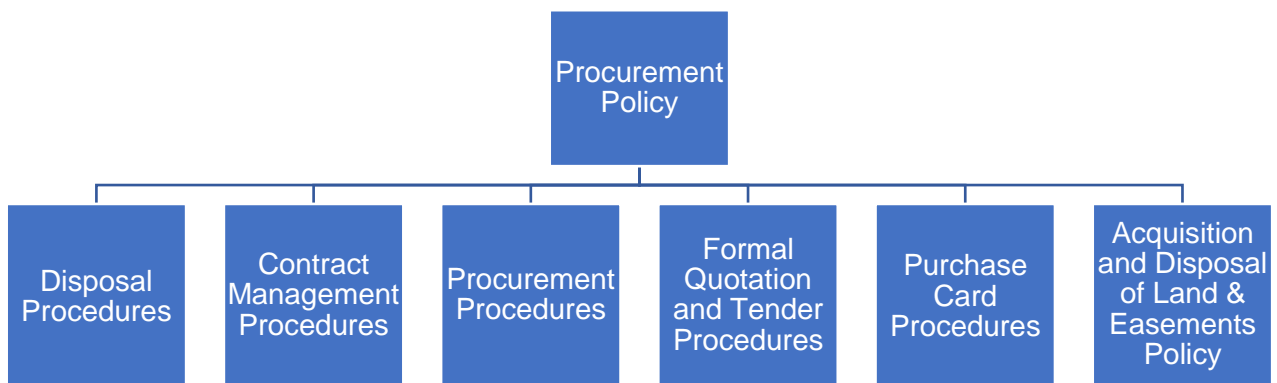
This document should be read in conjunction with Kiama Municipal Council's:

- Code of Conduct – Council Staff, Contractors & Volunteers
- Code of Conduct for Councillors
- Statement of Business Ethics
- Acquisition and Disposal of Land and Easements Policy
- Public Land Management Policy
- Unsolicited Proposals Policy
- Procurement Procedures (General)
- Formal Quotation and Tendering Procedures

## 10. Attachments

NIL

## 11. Procurement Framework



## 12. Authorisation

Name: Resolution 23/135OC

Date: 16 May 2023