



LGA Procurement

Local Government Association
of South Australia

“Your Procurement Partner”

POLICY FOR
THE ACQUISITION OF GOODS AND SERVICES
AND
THE CARRYING OUT OF THE PROCUREMENT
PRINCIPLES

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POLICY FOR THE ACQUISITION OF GOODS AND SERVICES AND CARRYING OUT OF THE PROCUREMENT PRINCIPLES

LGAP Pty Ltd trading as LGA Procurement (LGAP)

1. INTRODUCTION

This document sets out LGAP's policy for the acquisition of goods and services and carrying out of the procurement principles. This policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts (including maintenance) that may be procured on behalf of South Australian Councils.

All purchases must be carried out in compliance with the *Local Government Act 1999* (the "Act"), this policy complies with the requirements of the Local Government Act 1999 and Regulations.

In terms of specific requirements, Section 49 (1) of the Local Government Act requires a Local Government body to prepare and adopt policies on contracts and tenders, including policies on the following:

- the contracting out of services;
- competitive tendering and the use of other measures to ensure that services are delivered cost effectively;
- the use of local goods and services; and
- the sale or disposal of land or other assets.

The power and duty pursuant to Section 49(2) of the Act to ensure that any policies on contracts and tenders:

- identify circumstances where LGAP will call for tenders for the supply of goods, the provision of services or the carrying out of works, or the sale or disposal of land or other assets;
- provide a fair and transparent process for calling tenders and entering into contracts in those circumstances; and
- provide for the recording of reasons for entering into contracts other than those resulting from the tender process.

The duty pursuant to Section 49(4) of the Act to make available for inspection (without charge) a policy adopted under this Section at the principal office of LGAP during office hours.

2. POLICY OBJECTIVE

LGAP's purchasing activities aim to achieve advantageous procurement outcomes by:

- (a) promoting value for money with probity and accountability;
- (b) advancing Local Government economic, social and environmental policies;
- (c) providing reasonable opportunity for competitive local businesses to supply to Councils;
- (d) appropriately manages risk; and
- (e) promoting compliance with relevant legislation.

3. RESPONSIBILITY

LGAP employees responsible for purchasing goods and services must comply with this policy. It is the responsibility of LGAP employees involved in the procurement process to understand the meaning and intent of this policy.

4. PROCUREMENT PRINCIPLES

LGAP employees must have regard to the following procurement principles in all purchasing activities:

(a) *Open and effective competition*

Purchasing should be open and result in effective competition in the provision of goods and services. LGAP must give fair and equitable consideration to all prospective suppliers.

(b) *Value for money*

LGAP must harness Local Government purchasing power to achieve the best value for money. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration of:

- (i) contribution to the advancement of Council priorities;
- (ii) fitness for purpose, quality, services and support;
- (iii) whole-of-life costs including costs of acquiring, using, maintaining and disposal;
- (iv) internal administration costs;
- (v) technical compliance issues;
- (vi) risk exposure; and,
- (vii) the value of any associated environmental benefits.

(c) *Encouragement of the development of competitive local business and industry*

LGAP encourages the development of competitive local businesses.

Where price, performance, quality, suitability and other evaluation criteria are comparable, the following areas may be considered in evaluating offers:

- (i) creation of local employment opportunities;
- (ii) more readily available servicing support;
- (iii) more convenient communications for contract management; and
- (iv) economic growth within a defined region.

(d) *Environmental protection*

LGAP promotes environmental protection through its purchasing procedures. In undertaking any purchasing activities LGAP will:

- (i) promote the purchase of environmentally friendly goods and services that satisfy value for money criteria;
- (ii) foster the development of products and processes of low environmental and climatic impact;
- (iii) provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- (iv) encourage environmentally responsible activities.

(e) Ethical behaviour and fair dealing

LGAP employees involved in purchasing are to behave with impartiality, fairness, independence, openness, integrity and professionalism in their discussions and negotiations with suppliers and their representatives.

(f) Contractors

Contractors are obliged to comply with Local Government policies on OH&S and environmental protection.

5. PURCHASES UNDER \$10,000.00

LGAP Policy requires:

- (a) for purchases under \$5000.00 one verbal quotation may be sufficient; and
- (b) for purchases between \$5,000.00 and \$10,000.00 three verbal quotations may be required.

6. PURCHASES BETWEEN \$10,000.00 AND \$50,000.00

LGAP Policy requires written quotations before making a contract for the carrying out of work or the supply of goods or services involving a cost of between \$10,000.00 and \$50,000.00. The invitation must be given to at least three persons/organisations who LGAP considers can meet its requirements at competitive prices.

Records of offers received must be kept on file.

7. PURCHASES ABOVE \$50,000.00

LGAP Policy requires that LGAP invite tenders before making a contract for the carrying out of work, or the supply of goods or services involving a cost of more than \$50,000.00.

The invitation may be via Tenders SA online tendering system or other method nominated by LGAP and advertised in the Advertiser newspaper allowing at least 21 days from the day of the advertisement for the submission of tenders.

Records of tenders received must be kept on file.

8. EXCEPTIONS

Generally, open and fair competition is best achieved by undertaking a full public tender call so all interested parties have an opportunity to bid on the call. However, there may be procurements in which a full public tender will not necessarily deliver best value for money and other market approaches may be more appropriate.

LGAP may be exempt from the requirement to seek tenders or quotations, if:

- (a) there may be significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and property, or
- (b) a small, stable and well documented supply market exists such that LGAP can ensure that all potential suppliers are invited to participate; or
- (c) the pressures of time are such that an open call is not feasible, such as where there has been an unanticipated Council or Government policy decision; or
- (d) LGAP purchases goods at an auction; or
- (e) LGAP purchases second-hand goods; or
- (f) the contract is made with, or under an arrangement with or made by:

- (i) the State, a Government entity, a Local Government owned corporation, another Local Government, Co-operative Purchasing Services (CPS) or Strategic Purchasing (MAPS Group); or
- (ii) another Australian Government, an entity of another Australian Government or a Local Government of another State or a Territory; or
- (g) LGAP resolves to enter into a contract using a significant purchasing activity plan which must state:
 - (i) the objectives of the purchase and how they will be achieved; and
 - (ii) any alternative ways of achieving the objectives, and why the alternative ways were not adopted; and
 - (iii) a risk analysis of the market from which the goods or services are to be procured.

When assessing the most effective method of obtaining goods and/or services, LGAP should consider the administrative and price costs to Councils of seeking tenders or quotations independently and the reduction of these costs which can be achieved by use of approved alternative arrangements outlined above.

A request for waiver of competitive process should not be viewed as a mechanism to speed processes in a way that will not stand up to rigorous scrutiny or as a mechanism to obviate the need for careful forward planning. The granting of waiver of competitive process must be appropriately documented and approved in accordance with LGAP Policy.

9. DELEGATIONS

Only the LGAP officers listed in **Schedule 1** are entitled to sign requisitions and then only in accordance with their financial delegation limits. By signing a requisition/ purchase order all officers are confirming that they have taken full notice of this policy and will comply with all of the requirements of this policy.

10. REVIEW

It is the responsibility of the Director, Member Services to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed by the LGAP Board annually.

SCHEDULE 1 – PROCUREMENT DELEGATION TABLE

POSITION	\$500.00	\$2,000.00 - \$5,000.00	\$5,000.00 - \$10,000.00	\$10,000.00 - \$100,000.00	\$100,000.00 +
Director, Member Services					X
Procurement Manager	X	X	X	X	X
Procurement Officer	X	X	X	X	
Accounts Officer	X				
	All contracts for the acquisition of goods and services in excess of \$100,000.00 are to be authorised by the Director, Member Services				