

GAWLER RIVER FLOODPLAIN MANAGEMENT AUTHORITY

Website: www.gawler.sa.gov.au/grfma

Procurement Policy

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Related Policies/Codes:	
Related Procedures:	Included within
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1. Introduction

The purpose of this Procurement Policy and Procedure is to provide prudent management guidelines for the day-to-day management of the affairs of the Authority, to ensure transparency in its dealings with public funds.

2. Policy

2.1 Open and Fair Competition

GRFMA recognises the commercial and economic benefits of open and effective competition and must give fair and equitable consideration to all prospective suppliers.

2.2 Probity, Accountability and Transparency

All procurement shall be undertaken in a manner that ensures:

- Clearly established roles and responsibilities.
- Appropriate record keeping and documentation.
- Integrity through transparency of process and documentation of decisions made.
- Adherence to relevant legislation, policy and procedure.
- Identification and management of actual or potential conflicts of interest
- Confidentiality of all commercial information.

2.3 Ethical Behaviour and Fair Dealing

GRFMA representatives involved in procurement activities are to:

- Behave with impartiality, fairness, openness, integrity, and professionalism.
- Provide all suppliers with equal opportunity to supply to the GRFMA.
- Establish clear and easy to understand documentation requirements, evaluation criteria and methodology.
- Provide consistent processes and constructive feedback on decisions upon request from suppliers.
- Ensure effective communication and provision of information to all suppliers.

2.4 Value for Money

GRFMA seeks to achieve value for money and acquire quality goods and services. The concept of value for money is not restricted to price alone, the assessment must include consideration, where applicable, of:

- Ensuring that the goods and/or services meet the needs of the community,
- Procurement through purchasing groups, cooperatives and other councils,
- The performance history of each prospective supplier,
- Compliance with the GRFMA's commercial terms, fitness for purpose, quality, service, support and warranty;
- Financial considerations including all relevant direct and indirect benefits and costs both tangible and intangible;
- Delivery and/or timeliness;
- The flexibility to adapt to possible change over the lifecycle of the property or service; and
- Risk exposure.

2.5 Risk Management

- 2.5.1 GRFMA will ensure that appropriate consideration to risk identification and management is undertaken during the procurement activity.
- 2.5.2 The assessment of higher risk may necessitate supplier engagement via a contractual document in lieu of a system generated purchase order.

2.6 Environment and Sustainability

- 2.6.1 GRFMA promotes environmental sustainability through its procurement activities and will consider the purchase of environmentally sustainable goods and services that satisfy the value for money criteria and when all other financial and commercial considerations are equal.
- 2.6.2 GRFMA will endeavour to ensure legislative compliance and environmentally responsible practices by any contractor engaged to perform services for or on behalf of GRFMA.

3. Scope

- 3.1 This Policy applies to all procurement activities undertaken in the acquisition of goods and services on behalf of GRFMA, whilst giving due regard to financial thresholds outlined in the associated Procedures.
- 3.2 This Policy does not apply to real property acquisition, non-procurement expenditure such as the provision of funding by GRFMA for grants.

4. Policy

4.1 Legislation and References

- 4.1.1 This Policy is to be read in conjunction with the:

- Procurement Procedure
- *Local Government Act 1999*
 - Section 37 - Provision relating to contracts and transaction
 - Section 49 - Contracts and tenders policies,
 - Section 120 - Conflict of interest
 - Section 137 - Expenditure of funds.
- *Independent Commissioner Against Corruption Act 2012*
 - Section 3 – Objects, and
 - Section 5 - Corruption, misconduct and maladministration.
- *Competition and Consumer Act 2010* (Cth)
 - Section 2BA Application of Part IV to local government bodies
 - Section 45 - Contracts, arrangements or understandings that restrict dealings or affect competition.
- *Environment Protection Act 1993*
- *Freedom of Information Act 1991*
- *Fraud Corruption Misconduct and Maladministration Prevention*

- 4.1.2 This Policy should not be considered as the only document that may relate to procurement, other tiers of government, agencies or organisations may have legislation or policies that also apply.

5. Application

GRFMA Chairperson and Executive Officer	Execution of a Contract document requiring the affixation of the Common Seal of the Authority following the resolution of the Authority.
Executive Officer (EO)	Approval of expenditure of GRFMA funds and the process undertaken preceding the approval request, exceeding expenditure limits delegated. Execution of a Contract document, exceeding expenditure limits delegated.

6. Procedure Guidelines

6.1 Method of Procurement

- 6.1.1 GRFMA will select an approach to market best suited to the particular requirement and based on applying the procurement principles referenced in the above Procurement Policy. These may include:
- Request for Quote,
 - Request for Tender (Select or Open Market),
 - Request for Expression of Interest (EOI), and
 - Request for Proposal.
- 6.1.2 Here on referenced in this Procedure as Tender for simplicity, however consideration for all process listed above are further defined in the Procurement Guidelines.
- 6.1.3 Should the GRFMA procure using a different method than those listed, then the alternate method to be resolved by GRFMA Board.

6.2 Expenditure Thresholds (Individual Engagement)

- 6.2.1 All values stated are exclusive of GST and are in aggregate (Total contract/engagement value for the term of the contract/engagement).
- 6.2.2 Subject to risk assessment, GRFMA will have regard to the following expenditure thresholds:
- Purchases less than \$1,000 do not require written quotations.
 - Purchases between \$1,000 and \$20,000 require a minimum of one written quotation.
 - Purchases between \$20,000 and \$100,000 require a minimum of three written quotations and require consultation with the GRFMA Chairperson.
 - Purchases exceeding \$100,000 will be facilitated by a method of procurement deemed appropriate for the acquisition, generally an open market tender is preferred. Procurement activities in this value range will require consultation with and review by the GRFMA Board.

6.3 Evaluation

- 6.3.1 If GRFMA undertakes a tender process, it will issue a request for tender document. This may be done on either an open or select basis. In either case the process will be fair and transparent.
- 6.3.2 Tenders will be evaluated by a panel of key stakeholders and subject matter experts against the criteria stated in the tender request.
- 6.3.3 GRFMA may engage consultants or contractors to sit on the tender evaluation panel to provide specialist expertise where Council does not have that expertise available internally.
- 6.3.4 GRFMA is not obliged to accept the lowest offer. GRFMA may reject all offers and may invite further offers.

6.4 Conflict of Interest

- 6.4.1 GRFMA representatives must declare any actual or perceived conflict of interest linked to the selection of a supplier and or approval of a procurement transaction.
- 6.4.2 GRFMA representatives must declare in writing the nature of their interest, and take no further part in the selection of that supplier unless approved by the the GRFMA Chairperson or the Board.

6.5 Negotiation

- 6.5.1 Nothing in this procedure prevents GRFMA representatives from negotiating with suppliers to obtain a more favourable position for the GRFMA than that received in an initial quotation.
- 6.5.2 When negotiating with suppliers:
 - Note that GRFMA maintains Standard Payment Terms of 30 days EOM (payment at the end of the month following the month that the invoice is dated). Shorter payment terms in certain circumstances may be used as a negotiation mechanism. Non-standard payment terms require approval from the Executive Officer.
 - Avoid requirements for payment of deposits, and the issuance of other types of pro-forma (preliminary) invoices, either by negotiating terms or using an alternative supplier.
 - Any negotiations must be ethical and fair to all quoting parties. Quote detail from one party should never be disclosed to another subject to 6.6 below.

6.6 Confidentiality

Subject to the relevant provisions of the Freedom of Information Act 1991 (SA), Local Government Act 1999 (SA) and GRFMA's Confidentiality and Records Management Policy, GRFMA representatives must take all reasonable steps to preserve the confidentiality of any information it obtains via a procurement activity.

6.7 Documentation

- 6.7.1 All procurement activities with an expenditure value greater than \$20,000 must have the following minimum documentation recorded in the GRFMA records management system.
- All quotations/submissions received from participating companies.
 - All declinations to quote received.
 - The final evaluation documentation outlining the comparisons (monetary and nonmonetary) made to the quotations received.
 - Documentation outlining the decision to engage a supplier, including any approvals sought.
 - A declaration that no conflict of interest existed with any of the evaluating Workers involved in the process undertaken.
 - Countersigned contract document where this engagement mechanism is utilised.
- 6.7.2 All procurement activities with an expenditure value greater than \$1,000 and less than \$20,000 must have the following minimum documentation the GRFMA's records management system.
- All quotations/submissions received from participating companies.
 - All declinations to quote received.
 - Any conflict of interest declared.

6.8 Exemption from the Procurement Procedure

- 6.8.1 This procedure outlines the requirements of GRFMA representatives in respect of conducting procurement activities. There may be circumstances in which an open market process will not necessarily deliver the best outcome for the GRFMA, or where other market approaches may be more appropriate.
- 6.8.2 In these circumstances, the GRFMA Board by resolution, , may waive application of this Procedure or the methods of procurement listed and pursue a method which will bring the best outcome for the GRFMA
- 6.8.3 Situations where it may be appropriate for the application of this procedure to be waived include:
- the supply market is known to be limited
 - the pressures of time are such that a tender process is not feasible
 - the GRFMA is able to obtain value for money from an existing supplier of goods, works or services whose appointment was subject to a competitive process
 - GRFMA purchases goods at an auction
 - The contract is made with:
 - the commonwealth, state or local Government entity.
 - Local Government Association Procurement (LGAP), Procurement Australia or other recognised procurement group.
- 6.8.3 In circumstances of potential for significant public risk, such as emergency situations threatening life and property, the Executive Officer may waive application of this Procedure to the value of \$20,000.

6.8.4 Documentation – Unless specifically excluded in this Procedure, all departures from this Procedure must be appropriately documented. Approval via this process must precede the Procurement activity being undertaken.

6.8.5 Standing Exemptions from the Procurement Process

- Supply of goods or services where GRFMA has an active term contract executed with a sole provider.
- Supply of insurance coverage via the Local Government Association.
- Statutory taxes and levies and non-contestable costs, to other Government authorities.
- Software licensing and support fees for established GRFMA software systems.
- Mixed non-contestable and contestable supply of utility infrastructure (Electricity / Gas / Water & Sewer).

6.9 Supplier Engagement Mechanism

6.9.1 Minimum requirements.

- All engagements of a supplier, unless specifically excluded in this Procedure, must be preceded with a minimum of a documented record.
- Contract/Deed Execution requiring GRFMA Seal – Only the GRFMA Chairperson and Executive Officer may execute a contractual document requiring the Common Seal of the Authority to be affixed, following a Resolution by GRFMA.
- Variation – Any financial variation to an existing engagement of a supplier necessitates approval on the basis of the whole engagement value in the aggregate not the variation value in isolation.

6.10 Supplier Database

6.10.1 Payment Terms

- GRFMA maintains industry standard payment terms of 30 days from the end of the month in which a supplier invoice is dated.
- GRFMA may, upon request, accept shorter payment terms of 14 days from invoice date.

6.10.2 Supplier Banking Details

- GRFMA's standard method of payment is via Electronic Funds Transfer (EFT) into a supplier's nominated bank account. All supplier banking details must be provided by the supplier on company letterhead (where applicable) and signed by an authorised officer of the supplier. Where the supplier is a sole trader and not a company, a written and signed declaration listing the supplier name and bank details is required. This is applicable to both new supplier and existing supplier bank detail amendment processes.

6.10.3 Sole Trader Suppliers

- If a new supplier is a sole trader, evaluation of the terms of engagement is required to ensure that the engagement of the supplier could not be deemed an employee/employer relationship.

6.10.4 Supplier Insurance Coverage

- GRFMA mandates the requirement of particular insurance coverage in certain circumstances.
- *Public Liability Insurance* – Where a supplier performs works on behalf of GRFMA, Public Liability Insurance coverage to a minimum industry standard value of \$20,000,000 is required.
- *Professional Indemnity Insurance* – Where a supplier provides professional advice or design documentation to GRFMA and that advice or design is to be relied upon by GRFMA in its decision making or service delivery, Professional Indemnity Insurance coverage to a minimum industry standard value of \$2,000,000 is required. Consideration may be given to increasing this coverage amount based on the assessed risk or value of a project or engagement.
- *Certificate of Currency* – A certificate of currency is required to be provided by the supplier for any of the above insurances, where applicable.
- *ReturnToWorkSA / Workers Compensation Insurance* – Pursuant to the Return to Work Act 2014, all employers must register with WorkCover in respect of workers in employment to which the Act applies, however, large businesses operating in South Australia may apply to be self insured for work injuries as an alternative to insuring with ReturnToWorkSA.
- Where applicable, A ReturnToWorkSA certificate of registration is required to be provided by the supplier or if the supplier is self-insured, they must provide a certificate of currency.

7. Review

7.1 This Policy shall be reviewed by GRFMA every four years.

7.2 Upon review, GRFMA will communicate the updated Policy to all relevant persons.