



NAME OF POLICY: Procurement Policy Guidelines

POLICY MANUAL: Governance

These Guidelines are to be read and applied in conjunction with the Procurement Policy.

BACKGROUND

This Policy Guideline provides clear direction to all Council employees when undertaking procurement activities during the course of performing their duties at the City of Norwood Payneham & St Peters (the “Council”), as required by the Council’s Procurement Policy.

These guidelines are to be applied in conjunction with the Procurement Policy.

GUIDELINES

PROCUREMENT METHODS

Generally, open and fair competition is best achieved by undertaking a tender process so that all interested parties have an opportunity to bid. However, there may be procurements in which a tender process will not necessarily deliver the most advantageous outcome for the Council. In such instances, other market approaches may be more appropriate.

When determining which procurement method should be applied, consideration should be given to;

- the **value** of the purchase;
- the level of **risk** associated with the purchase;
- the **complexity** of the purchase; and
- the **time period** in which the purchase will apply.

The Council may, having regard to its Procurement Principles and any other factors which are considered relevant by the Council, in its absolute discretion, determine to utilise one or more of the following procurement methods:

- *Direct Purchasing*

Direct Purchasing is where the Council purchases and goods and services from a single source, without first obtaining competing bids.

This method is best suited for low value, low risk goods and services and where the supplier already has a successful service history with the Council.

- *Quotations (Informal)*

Quotations: involves the Council obtaining quotations from prospective suppliers. Generally, a minimum of three (3) quotes must be sought. Depending on the value of the transaction, written quotes must be obtained and provided. If a written quote cannot be obtained or not required due to the value of the transaction, a detailed written record, prepared by the staff member making the purchase, must be kept of the verbal quote obtained, including details of the commercial terms of the quotation.

Both written and verbal quotations must be registered in the Council’s Records Management System.

Where a minimum of three (3) quotations are not sourced, the reasons for not sourcing three (3) quotations must be documented and approved in line with the Procurement Policy, prior to the procurement taking place.

This method is generally suitable for low value, low risk goods and services.

- *Purchase Orders*

This is used where Council is purchasing routine, low value and low risk goods and services.

Generally, Purchase Orders have limited terms and conditions and should not be used for non-routine, high value and high risk goods and services.

- *Request for Quotations (RFQ)(Formal)*

This involves the Council obtaining written quotations from prospective suppliers. The RFQ is a more formal version of the Quotation method, where the purchase is low risk but a higher value purchases.

A minimum of three (3) written quotations are required. Where a minimum of three (3) quotes are not sourced, the reasons for not sourcing three (3) quotes must be documented by the staff member making the purchase and approved in line with the Procurement Policy prior to the procurement taking place.

A “Short Form Request for Quotation” can be used for purchases with minimal specifications and usually involves procurement activities which have a low level of risk and complexity (Simple Purchasing).

A “Long Form Request for Quotation” can be used for purchases with detailed specifications, with increased complexity or has a medium to high risk exposure (Complex Purchasing).

- *Requests for Expressions of Interest (REOI)*

When utilising REOI, the Council will issue an open invitation for the provision of the proposed goods and/or services.

REOI is used where there is potentially a large market for the proposed goods and/or service, and the Council would like to be able to prepare a short list of suppliers to then invite to participate in a tender or quotation process.

REOI are suitable for the purchase of goods and services which are of a higher value and involves a higher degree of risk and complexity.

- *Request for Tenders (RFT)*

Request for Tenders involves the Council issuing a tender for the purchase of goods and/or services.

A “Select” Request for Tender may be issued, where the Council has already issued a REOI, or where there are reasonable grounds for only dealing with a select group of potential suppliers.

Where a “Select” Request for Tender is used, a minimum of three (3) suppliers must be selected.

Where the “Select” Tenderer list has not been determined by a REOI process, the reason for the selection of prospective suppliers must be documented by the staff member making the purchase and registered in the Council’s Records Management System.

Invitations for “Select” Request for Tender may be distributed via the SA Tenders website or by direct invitation. Where invitations to submit a proposal are made via direct invitations, proposals must be emailed to procurement@nps.sa.gov.au

Otherwise, the Council may issue an “Open” Request for Tender.

Both “Open” and Select RFT’s shall be conducted in accordance with the prescribed Conditions of Tender.

“Open” Request for Tenders will be advertised on the SA Tenders website and the appropriate newspaper. The tender advertisement shall;

- outline the purpose of the proposed tender; and
- give details closing date and the person from whom further details may be obtained

All “Open” tenders must be submitted via the electronic tender box on the SA Tenders website.

For “Select” Requests for Tender, Invitations to Tender shall be offered to at least three (3) independent suppliers. Where three (3) such suppliers cannot be identified by diligent reasonable effort, such effort shall be documented and tendering shall not proceed without the prior written approval of the Chief Executive Officer.

The timeframe provided to Tenderers to lodge submissions will be dependent on the complexity of the goods or service being procured, however at a minimum, the closing date for tender submissions will be at least ten (10) working days from the date of publication.

Unless specified in the Conditions of Tender, Tenders submitted by hardcopy, e-mail, facsimile and other electronic device will not be accepted.

Tender Opening

Upon closure of the date and time upon which to lodge Tender Submissions, the electronic tender box will be opened in the presence of the following staff members (the Tender Panel);

- Records staff (holder of electronic tender key); and
- the Responsible Officer for the tender.

Upon opening all Tenders received, the “*Schedule of Tenders Received*” is to be signed and dated by the Tender Opening Panel and independently verified by a General Manager that all submissions have been recorded into the Council Electronic Document Management System.

.

If no Tenders are received by the closing date, the “Tender Opening Record” must be signed and dated by the Tender Opening Panel and registered.

Assessment of Tenders

Tender submissions are to be assessed as soon as practicable after the Tenders have been opened. Only Tenders received by the closure deadline will be assessed.

The assessment of Tenders must be based on the Evaluation Criteria set out in the Conditions of Tender.

If only one (1) Tender is received, either via a select or open call tender, the tender evaluation shall not proceed without prior written approval of the Chief Executive Officer. If approved, the tender must be evaluated against the tender evaluation criteria specified in the Conditions of Tender.

All tenders must be evaluated on the basis of consistently applied weightings as detailed the Conditions of Tender and a consistent consideration of the evaluation criteria across all tenders being evaluated.

The composition and number of members of a Tender Assessment Panel will depend on the nature and complexity of the goods or services being purchased and the risks associated with the procurement activity. The evaluation of Tenders must not be undertaken by one (1) person and generally the Tender Assessment Panel must comprise of at least three (3) staff members. Members of the Tender Assessment Panel must have the requisite mix of skills to evaluate the Tender submissions. Where the Tender Assessment is undertaken by less than three (3) staff members, the reasons for undertaking the evaluation on that basis must be documented by the staff member managing the Tender process.

Following the assessment of Tenders, a written report, detailing the results of the evaluation together with a recommendation shall be prepared for consideration of the Authorising Officer, who will be the relevant General Manager, the Chief Executive Officer, or the Council. The Authorising Officer will be determined with reference to the Expenditure Delegations contained with the Council's Expenditure Policy.

Pre-qualification of Suppliers

The Council may establish a register of Pre-Qualified Suppliers where the following factors exist;

- the procurement activity relates to a range of goods and services that are purchased by the Council on a regular basis;
- the scope and nature of individual procurements in a category of goods and services may not be fully defined but there is an indicative program, generally over a three (3) year period, of the future requirements of a common nature;
- there are numerous 'credentialed' suppliers in the procurement related market sector(s) that satisfy the test of financial diligence;
- the procurement activity is low to medium risk; and
- the benefits of purchasing from pre-qualified suppliers exceed the cost in establishing and maintaining a pre-qualification register.

Contracts or purchasing arrangements established under this method, will require quotations to be sought from the preferred supplier for each individual procurement activity.

Panel contracts

The Council may establish panel arrangements with a selected group of suppliers. Generally, this will occur once the Council has completed its appointment of such suppliers in accordance with the Procurement Policy and can include either:

- a standing offer from a pool of suppliers for the provision of goods and services on agreed terms; or
- the prequalification of certain suppliers who may or may not be engaged on terms agreed between the Council and the supplier (s).

Once a Panel has been established, the Council may purchase the particular goods and/or service through such Panel arrangements.

Panel contracts may also be established for the procurement of professional services.

PURCHASING THRESHOLDS

The appropriate method of procurement will be determined by reference to a number of factors, including those factors set out in Table 1 below:

Table 1: PURCHASING THRESHOLDS

Value of Purchase	Method of Purchase	Agreement Type
Up to \$3,000	Direct Sourcing	Nil required however, does not precluded the issuing of a Purchase Order. Payment is made from an authorised invoice
\$3,001 - \$5,000	At least three (3) Verbal Quotes Details of Verbal quotes must be documented on the Quote Summary Form	Invoice; or Purchase Order; or Other written Agreement.
\$5,001 - \$10,000	At least three (3) Written Quotes	Invoice; or Purchase Order; or Other written Agreement.
\$10,001 - \$100,000	Request for Quotation.	Purchase Order; or Contract; or Other written Agreement.
\$100,001 - \$250,000	Minimum of Select Tender	Contract
\$250 001+	Minimum of Open Tender	Contract

Roles and Responsibilities

Procurement Specialist

The **Procurement Specialist** is the Council's subject matter expert who is responsible for ensuring the integrity of the Councils Procurement Framework is maintained and staff with procurement responsibilities have the required skills, understanding and tools to fulfil their procurement responsibilities.

The Councils' Procurement Specialist is the Financial Services Manager.

Contract Manager

The **Contract Manager** assumes total ownership for the contract and is directly responsible for providing management and direction to the contract team and ensuring all services and contractual obligations, Service Level Agreements and Key Performance Indicators are executed and achieved.

Role responsibilities include Contract Development and awarding, Contract Administration and Contract review.

All staff, where the Agreement Type for the Procurement Activity is a Contract.

Procurement Administrator

The primary focus of the **Procurement Administrator** is to provide accurate and timely purchasing support to the procurement activities of the Council in the form of transaction processing, setting up data records, reporting and liaising with external suppliers and responding to enquires.

Positions which undertake this role, include but not limited to;

- Administration Officer - Depot Services
- Finance Officer

General Purchasing

Positions which have a financial delegation, as set out in the Councils Expenditure Policy must comply with the General Purchasing responsibilities. General purchasing involves non-complex purchasing activities.

Role Statements, which outline the role responsibilities are available on OneNPSP, Procurement Central.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Manager, Finance, telephone 8366 4548.