

Title	Procurement
Classification	Finance

OBJECTIVE

The objectives of this policy are to ensure LCLGA achieves the following outcomes:

- compliance with the requirements of the Local Government Act for procurement
- value for money outcomes
- equity and fairness in the market
- preference, where all other matters are equal, for local supply and expenditure
- consideration of the impacts on local markets and supply chains
- ensuring probity, accountability and transparency in procurement
- mitigating risks to the LCLGA

SCOPE

This policy covers all procurement activities of the LCLGA except for:

- non-procurement expenditures such as sponsorships, grants, funding arrangements, donations
- employment contracts
- acquisition of office accommodation
- disposal of assets

STATEMENT

The LCLGA will have regard to the following principles in the acquisition of goods and services:

- Encouragement of open and effective competition
- Obtaining value for money, this includes the following considerations:
 - whole of life costs
 - strategic fit
 - risks and risk allocation
 - timeliness
 - past performance
 - quality and capacity
 - fit for purpose
 - local economic impacts
 - other externalities that may impact costs or the reputation of the LCLGA, our members or partners
 - internal costs to administer and support the procurement
- Probity, ethical behaviour and fair dealing
- Accountability, transparency and reporting
- Ensuring compliance with all relevant legislation
- Encourage the development of competitive local business and industry
- Environmental protection, the LCLGA will seek to:
 - adopt purchasing practices which conserve natural resources



- align the LCLGA’s procurement activities with principles of ecological sustainability
- purchase recycled and environmentally preferred products where possible
- integrate relevant principles of waste minimisation and energy
- foster the development of products and services which have a low environmental impact
- provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services, and
- ensure suitable occupational, health & safety outcomes are achieved

Procurement Methods

Generally, value for money is best achieved through competitive processes where participants can compete in an open and transparent manner.

This Policy also acknowledges there is a trade-off in terms of the markets and LCLGA’s transaction costs for low-value items, and that competitive processes do not always yield the best outcomes when procuring hard to source or specialised services, skills or products.

Therefore, differing arrangements will be required to achieve value for money. The types of purchasing methods used by the LCLGA includes:

Direct purchasing

- For low value, low risk goods and services, where the supplier has a successful service history with the LCLGA.
- Transacted through purchasing cards, petty cash and established accounts (such as stationary).

Quotations (informal)

- For low value, low-risk goods and services.
- Quotes are sought, minimum of three, from prospective suppliers.

Request for quotations (RFQ)

- For simple, largely price-based purchases.
- Quotes are sought in writing, minimum of three, from prospective suppliers.

Requests for expressions of interest (EOI)

- When there is potentially a large market for the tender or the transaction costs are likely to be high for the market and the LCLGA would like to be able to prepare a short list of suppliers to then invite them to participate in a tender process.
- An open invitation to the market is made for the proposed goods and/or service.

Request for tenders (RFT)

- This may be a “Select” Request for Tender via a EOI or where there are reasonable grounds for issuing a RFT to a select group of potential suppliers or is an open tender.
- A tender is issued for proposed goods and/or service, this may be an open or select RFT.

Panel contracts

Panel arrangements are established with a select group of suppliers and can be in the form of:

- a standing offer from a pool of suppliers for the provision of goods and services on agreed terms
- prequalification of suppliers who may or may not be engaged on terms to be agreed

Panel arrangements may include provisions to ensure there are incentives for performance, innovation and competitive tension within the panel.

Strategic alliances.

The LCLGA undertakes procurement through contract arrangements already established and administered by other organisations, including:

- LGA Procurement
- Council Buying Groups
- State Government

Direct negotiation

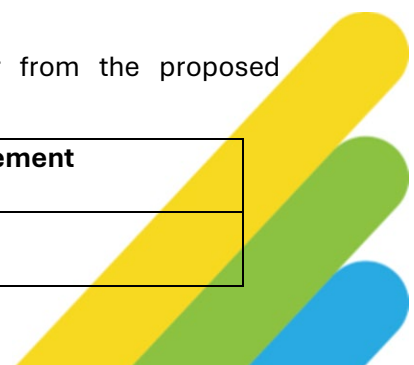
It is expected that direct negotiation would rarely be used and only when there is a lack of competition in the market and it can be demonstrated superior value in this approach.

Choosing Procurement Methods

The appropriate method of procurement is determined due to a number of factors, including:

- the Value of purchase calculated as follows:
 - single one-off purchase – the total amount, or estimated amount, of the purchase (excluding GST).
 - multiple purchases – the gross value, or the estimated gross value, of the purchases (excluding GST).
 - ongoing purchases over a period of time – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST)
- market transaction costs relative to contract value
- procurement objectives
- the size of the market and the number of competent suppliers
- LCLGA’s position and leverage in the marketplace
- time constraints
- the allocation of risks between the LCLGA and the supplier from the proposed transaction

Value of Purchase (\$)	Possible Method of Procurement
Less than \$5,000	Direct purchase



\$5,001-\$25,000	Quotations – minimum two quotes
\$25,001 - \$60,000	Request For Quotation
\$60,000 - \$150,000	RFT (may include an EOI process)
\$150,001	A separate procurement plan should be developed and presented to the Board for approval.

Tender Assessment Panel

When a tender process is required a Tender Assessment Panel must be established. The purpose of the Tender Assessment Panel is to:

- prepare a clear and accurate specification that meets the objectives of the organisation, contemplates specific operational needs and considers the available budget
- assess the risks and benefits and determine the tender method
- determine the tender assessment criteria and associated weighting scores for each which must be completed before the closing date of tenders and lodged in the tender box
- evaluate each tender in accordance with criteria and
- make a recommendation as required under delegations

Panel Membership

For tenders estimated to be less than \$150,000 (excl. GST), the membership of the panel will consist of a minimum of two (2) members.

Membership may be a combination of staff, external experts, panel facilitator or a member of the LGA Procurement Team.

Where there is an actual or perceived conflict of interest panel members must declare that conflict and seek external approval from the LCLGA Executive Officer or the LCLGA President on their participation as a panel member. The conflict and decision will be documented.

Failure to declare a conflict of interest is a serious matter and may result in disciplinary action. For tenders above \$150,001 (excl. GST) the tender panel membership will be in accordance with the procurement plan as approved by the Board.

Record Keeping

The LCGA will maintain records for the reasons it has selected a particular procurement method, of the procurement process, assessment and decisions taken.

Key Issues/Risks

There are significant risks from procurement ranging from inefficient and wasted expenditure to illegal and fraudulent activities. These are outlined in the LCLGA risk register.

Ensuring decision-making and processing of procurement is accountable, transparent and effective is critical to the LCLGA delivering its value proposition to our members.

RELATED DOCUMENTATION

Related Policies, Procedures or Forms	Risk Management Policy
Applicable Legislation	Local Government Act 1999

ROLES & RESPONSIBILITIES

Position	Role & Responsibility
Executive Officer	To take appropriate action to resolve breeches in a timely manner
LCLGA Audit and Risk Committee	Recommend this policy
LCLGA Board	To approve the use of this policy

FILE INFORMATION

File name	Procurement Policy v3
File location	Policies and Procedures

FILE HISTORY

Status	Under review
Last review date	April 2024
Next review date	April 2028

FILE REVIEW NOTES

Date	Description
V1 August 2018	Policy approved by LCLGA Board
March 2024	Audit and Risk Committee Review
V2 April 2024 LCLGA Board Meeting	Approved by LCLGA Board
March 2026	Audit and Risk Committee Review
V3 April 2026 LCLGA Board Meeting	Policy approved by LCLGA Board

