



# Policy

<b>Policy Name</b>	<b><i>Procurement Policy</i></b>
<b>Policy/File Number</b>	ED4.12.012
<b>Review Frequency</b>	Every Three Years
<b>Attachments</b>	<i>Schedule 1 – Procurement Delegation Table</i>

## 1. Purpose

The purpose of this policy is to set out a clear direction to guide the Victor Harbor Horse Tram Authority 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).

## 2. Scope

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

- promoting value for money with probity and accountability
- advancing the Authority's economic, social and environmental policies
- providing reasonable opportunity for competitive local businesses to supply to the Authority
- appropriately manages risk
- providing a framework to meet compliance with relevant legislation

## 3. Policy Statement (Summary)

The Victor Harbor Horse Tram Authority will strive to achieve value for money whilst taking into consideration probity and accountability, effective risk management including risks to health and safety of board members, employees, supporting local business, and efficiency in the procurement process.

## 4. Legislation and Compliance

Section 49 (1) of the *Local Government Act 1999* requires 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
- the sale or disposal of land or other assets

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

## 5. Definitions

**General Manager** means the General Manager of the Authority and includes a person acting in that position.

**Local Supplier** means a supplier of goods and/or services who conducts their business from the Victor Harbor area.

**Purchase Order** means a record generated by the Victor Harbor Horse Tram Authority used to engage a supplier to deliver work, goods or services.

## 6. Policy Content

Authority staff must have regard to the following procurement principles in all purchasing activities:

### 6.1 Open and effective competition

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

### 6.2 Value for money

This is not restricted to price alone. An assessment of value for money must include, where possible, consideration of:

- a) the contribution to Victor Harbor Horse Tram Authority long term plan and strategic direction;
- b) any relevant direct and indirect benefits to Victor Harbor Horse Tram Authority, both tangible and intangible;
- c) efficiency and effectiveness of the proposed procurement activity;
- d) the performance history, quality, scope of service and support of each prospective supplier;
- e) fitness for purpose;
- f) whole of life costs - including costs of acquiring, using, maintaining and disposal;
- g) council's internal administration costs;
- h) technical compliance issues;
- i) risk exposure; and
- j) the value of any associated environmental benefits.

### 6.3 Probity, Ethical Behaviour, Fair Dealing and Professional Integrity

The Victor Harbor Horse Tram Authority will act with impartiality, fairness, openness, integrity, and professionalism in all discussions and negotiations with suppliers and their representatives.

At all stages of the procurement process the Victor Harbor Horse Tram Authority will ensure appropriate management of confidential information, conflicts of interest, gifts and gratuities (managed in accordance with Victor Harbor Horse Tram Authority Code of Conduct for Board Members, conflict of interest and gifts and benefits procedures, and Fraud and Corruption Policy).

### 6.4 Accountability, Transparency and Reporting

To ensure appropriate probity standards are met, Council will operate with consistency and transparency in all procurement dealings. Procurement transactions will be undertaken in a manner that will withstand external scrutiny.

The Victor Harbor Horse Tram Authority must, in accordance with legislative and organisational requirements, keep appropriate records of all purchases.

The Victor Harbor Horse Tram Authority's Contracts and Tenders Registers should include a summary of contracts including contract values.

## **6.5 Encouragement of the development of competitive local business and industry**

The Authority encourages the development of competitive local businesses within the City of Victor Harbor areas and within the Fleurieu Region.

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

- environmentally friendly/ low impact considerations
- creation of local employment opportunities
- more readily available servicing support
- more convenient communications for contract management
- economic growth within the local area
- benefit to the Authority and/or the constituent communities of associated local commercial transaction

## **6.6 Environmental protection**

The Authority promotes environmental protection through its purchasing procedures.

In undertaking any purchasing activities the Authority will:

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

## **6.7 Contractors**

Contractors are obliged to comply with the Board's policies on Workplace, Health and Safety and environmental protection.

## **6.8 Purchase Orders**

Purchase orders authorise the purchase of goods and services and need to be provided for all purchases except for:

- Government utilities
- Lease or contracts purchasing where the amount of use and/or the cost and/or the frequency is set in the agreement.
- Minor procurement via petty cash under \$100
- Minor procurement via credit card under \$100
- Credit card purchases for air fares and accommodation.

Standing Orders can be used to allow for minor regular purchases. The standing order needs to adhere to the purchasing policy and state the amount of authorised spending per month and the type of expenditure to be incurred.

### **6.8.1 Purchases under \$10,000.00 (Exclusive of GST) Per Purchase**

- (a) for purchases under \$1,000 at least one verbal quote
- (b) for purchases between \$1,000 to \$5,000.00 at least one written quotation

- (c) for purchases between \$5,000.00 and \$10,000.00 at least two written quotations

Records of quotations must be registered and filed.

#### **6.8.2 Purchases between \$10,001.00 and \$50,000.00 (exclusive of gst) per purchase**

The Authority requires inviting written quotations before making a service agreement or contract for the carrying out of work or the supply of goods or services involving a cost of between \$10,001.00 and \$50,000.00. The invitation must be given to at least three persons/organisations who the Authority considers can meet its requirements at competitive prices.

Records of offers received must be registered and filed.

#### **6.8.4 Purchases above \$50,001.00 (exclusive of gst) per purchase**

This Policy requires inviting tenders before making a contract for the carrying out of work, or the supply of goods or services involving a cost of more than \$50,001.00.

The invitation must be via electronic method such as Tenders SA or alternative as nominated by the Authority allowing at least 21 days from the day of the advertisement for the submission of tenders.

Records of tenders received must be registered and filed.

### **6.9 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.

The Authority may be exempt from the requirement to seek tenders or quotations, in the following circumstances:

- there may be significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and property
- a small, stable and well documented supply market exists such that the Authority can ensure that all potential suppliers are invited to participate
- the pressures of time are such that an open call is not feasible, such as where there has been an unanticipated VHHT Authority or Government policy decision
- the Authority purchases goods at an auction
- the Authority purchases second-hand goods
- the contract is made with, or under an arrangement with or made by:
  - the State, a government entity, a local government owned corporation, another local government body, Local Government Corporate Services (LGCS Pty Ltd) or Strategic Purchasing (MAPS Group)
  - another Australian Government, an entity of another Australian Government or a local government of another State or a Territory.

- The Authority resolves to enter into a contract using a significant purchasing activity plan which must state:
  - the objectives of the purchase and how they will be achieved
  - any alternative ways of achieving the objectives, and why the alternative ways were not adopted
  - 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, the Authority staff should consider the administrative resources required and monetary costs to the Authority 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 by the General Manager and Chairperson.

### 6.10 CREDIT CARD FACILITIES

The Authority has a Board approved limit for one credit card of \$3,000 per calendar month approved for allocation to the General Manager position.

The holder of a credit card is responsible for all transactions and that receipts are provided for each transaction with the following details:

- Name of supplier and ABN number
- Date of issue
- Description of goods or services
- Total cost including of GST
- Words: 'Tax Invoice'

Credit card purchases will be consolidated within Authority accounts monthly

### 6.11 INVOICE APPROVAL

#### 6.11.1 Purchase Order Invoices

Invoice received where a purchase order has been raised must be authorised by staff with the appropriate delegation that:

- Goods have arrived in good condition as per purchase order
- Invoice amounts are correct
- Payment is authorised.

#### 6.11.2 Contract Invoices

Where a contract is in place and details show purchasing frequency, purchase quantity and cost the invoice should be checked against the contract and signed stating that:

- Services were performed according to the contract
- Fees and charges were according to the contract

## 6.12 Store Accounts

Store Accounts can be established with local businesses. Purchase orders are to be raised for all purchases with these businesses as per the Purchasing guidelines and Delegation Schedule.

For small regular purchases such as milk etc. a standing order is to be raised by an Officer listed in the Purchasing Delegations Schedule to cover these purchase types. A receipt for all purchases raised against standing purchase orders are to be obtained and retained for reconciliation with the monthly account. The standing order can then be used by staff to purchase these small items, without this standing order being in place, staff without purchasing delegation, do not have the authority to purchase small items against the account.

## 7. Risk Management

The Victor Harbor Horse Tram Authority General Manager has the responsibility for ensuring that budget preparation and reviews are conducted in accordance with legislation, Accounting Standards and Authority policies and that expenditure does not exceed adopted budgets at any given time.

## 8. Implementation/Delegations

Only the Authority officers listed in the attached Schedule 1 are entitled to sign requisitions, and then only in accordance with their financial delegation limits as set out in the schedule. By signing a purchase order officers are confirming that they have taken full notice of this policy and will comply with all of the requirements of this policy.

The General Manager of the Victor Harbor Horse Tram Authority is provided with the delegated authority to implement this Policy

## 9. Related Documents

Budget Framework Policy  
Code of Conduct for Board Members  
Code of Conduct for Employees  
Local Government Act 1999  
Local Government (Financial) Regulations 2010  
Victor Harbor Horse Tram Authority Charter  
Work Place Health and Safety Act 2012

## 10. Availability of Policy

This policy is available on Victor Harbor Horse Tram website at [www.horsedrawntram.com.au](http://www.horsedrawntram.com.au). It may also be inspected or purchased at the Principal Office of the City of Victor Harbor, 1 Bay Road, Victor Harbor.

### Document History

Version	Document	Action	Date
1.0	Approved version	Victor Harbor Horse Tram Authority endorsement VHHTA08	3/12/18

## Schedule 1

### Procurement Delegation Table

	Verbal Quote	One (1) Written Quote	Quotes dependent on cost	Two (2) Written Quotes	Three (3) Written Quotes	Request for Tender	Request for Tender	
	<b>Delegation subject to budget limits</b>							
<b>Position</b>	<\$1,000	\$1,000 - \$5,000	Credit Card \$5,000 monthly limit	\$5,001 - \$10,000	\$10,001 - \$50,000	\$50,001 - \$100,000	Above \$100,000	Emergency expenditure outside of budget limits Up to \$10,000
General Manager	Yes	Yes	Yes	Yes	Yes			
General Manager in consultation with Chairperson					Yes	Yes		Yes
Board Decision							Yes	
City of Victor Harbor Staff	Yes	Yes						

*All limits are exclusive of GST.*