



NAME OF POLICY: Procurement Policy Guidelines

POLICY MANUAL: Governance

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

BACKGROUND

These Guidelines have been prepared to provide clear direction to all Council staff 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.

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 of the purchase; and
- the **time period** in which the purchase will apply.

The Council may, having regard to its Procurement Principles as set out in the Council's Procurement Policy 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 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)*

The quotation method involves 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 provided. If a written quote cannot be obtained or not required due to the value of the transaction, a detailed written record must be prepared by the staff member dealing with the procurement and or contractors and kept of the verbal quotation which has been obtained, including details of the commercial terms of the quotation.

Both written and verbal quotes 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) quotes 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*

Purchase orders can be used when 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 obtaining written quotations from prospective suppliers. The RFQ is a more formal version of the Quotation Method, where the purchase is low risk but involves higher value purchases

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

A "Short Form Request for Quotation" can be used for purchases with minimal specifications.

A "Long Form Request for Quotation" can be used for purchases with detailed specifications.

- *Requests for Expressions of Interest (REOI)*

When utilising REOI, an open invitation for the provision of the proposed goods and/or service is required to be issued.

REOI is used where there is potentially a large market for the proposed goods and/or service, and the Council wishes to prepare a short list of suppliers or contractors to then invite to participate in a formal tender 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 issuing of a tender for the purchase of goods and services.

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

Where a "Select" Request for Tender is used, a minimum of three (3) suppliers or contractors 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 undertaking the procurement and approved by the relevant General Manager or Chief Executive Officer and registered in the Council's Records Management System.

Alternatively, the Council may issue an "Open" Request for Tender.

Both "Open" and Select RFT's are required to 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

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 or project which is proposed to be undertaken, however at a minimum, the closing date for tender submissions will be at least ten (10) working days from the date of publication.

All tenders must be submitted to the Council’s Principal Office (Norwood Town Hall), either by hand delivery or post, in a sealed envelope and must be appropriately marked on the outside to identify the particular project, goods or services which is being tendered and marked confidential. Tenders submitted by e-mail, facsimile and other electronic device will not be accepted.

Upon receipt, each envelope containing the tender documents shall promptly be marked with the date and time of receipt and shall be placed unopened in a secure Tender Box. Envelopes may only be opened after the time specified for the close of tenders.

Tender Opening

Upon closure of Tender Submissions, the Tender Box will be opened in the presence of at least two (2) staff members. The number of tenders which have been submitted is to be documented and forwarded to the staff member managing the Request for Tender.

The Tender Opening Panel will comprise of at least one (1) of the following persons:

- Chief Executive Officer;
- General Manager, Urban Services;
- General Manager, Urban Planning and Environment;
- General Manager, Governance & Community Affairs; or
- General Manager, Corporate Services;

and two Managers (or General Managers).

Immediately after each tender document is opened, the covering letter, along with the pages containing the tender price, rates and any limitations will be signed and dated by all members of the Tender Opening Panel.

Upon opening all tenders which have been received, the “Tender Opening Record” is to be signed and dated by all members of Tender Opening Panel.

All Tenders which have been received, the Tender Opening Record and the notification of the number of tenders which have been received, is to be forwarded to Corporate Records for registering.

If no Tenders are received by the closing deadline, the “Tender Opening Record” must be signed and dated by all members of the Tender Opening Panel and forwarded to Corporate Records for registering.

Tender Assessment

Tenders are to be assessed as soon as practicable following opening of the Tenders. Only tenders which are 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 in the conditions of tender and a consistent consideration of the evaluation criteria across all tenders which are 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 will not under any circumstances be undertaken by one (1) person and generally the Tender Assessment Panel should comprise of at least three (3) staff members. Members of the Tender Assessment Panel are required to have the requisite mix of skills and experience 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 and approved by the relevant General Manager or Chief Executive Officer.

Following the assessment of the tenders, a formal written report, recommending the preferred Tenderer 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 and or contractors 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' players 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 select group of suppliers and or contractors. Generally, this occurs once the Council has completed its appointment of such suppliers and or contractors in accordance with the Procurement Policy, and can include either:

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

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

Panel Contracts may 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	Commercial terms/Credit Card
\$3,001 - \$5,000	At least 3 Verbal Quotes Details of Verbal quotes must be documented	Purchase Order/ Other written Agreement
\$5,001 - \$10,000	At least 3 Written Quotes	Purchase Order /Other written Agreement
\$10,001 - \$50,000	Request for Quotation	Purchase Order/Contract/Other written Agreement
\$50,001 - \$100,000	Minimum of Select Tender	Contract
\$100,001 +	Minimum of Open Tender	Contract

INFORMATION

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