

## Procurement Policy

### OBJECTIVE

This Policy provides direction in relation to the purchasing functions of Dulverton Waste Management (DWM) and establishes a decision framework that:

- Allows purchases to be made in an open, fair and transparent manner at all times.
- Selection of vendors on their ability to provide materials and services that support value for money and compliance with relevant safety standards and legislation.
- Promotes purchasing practices that support overall value for money, which may not necessarily mean choosing the lowest price. Factors in the product selection process will include consideration of fitness for purpose, estimated life, timely delivery, maintenance and local after sales service, where appropriate.
- Promotes DWM's commitment to environmental sustainability and protection. This will be pursued by promoting purchasing practices which conserves resources, saves energy, minimises waste and maintains environmental safety and quality whilst being consistent with the 'value for money' principle.
- Appropriately manages risk, and
- Considers business sustainability.

### LEGISLATION

Local Government Act 1993

### DEFINITIONS

Purchasing and commissioning of services:

- Where DWM seeks professional and/or contract services in the course of normal operations, and
- Where DWM requires services or to purchase equipment/works, designs etc. for capital development.

All figures in this policy are exclusive of GST in accordance with Regulation 23 of the Local Government Act 1993.

## **RESPONSIBILITIES**

### **Audit & Risk Committee**

The Audit & Risk Committee may review these requirements from time to time.

### **Chief Executive Officer**

- To meet the requirements of the Policy, and
- To set, review and approve employees' delegation limits.

### **Employees**

All DWM employees are required to purchase goods and services required by the Authority within their approval limit and comply with the relevant DWM procedures, delegations and legislation.

## **POLICY STATEMENT**

The process identified below may not be required if:

- The goods and services offered are unique and there are no other effective suppliers.
- The Board has minuted justification for not following the procedure, and/or
- Procurement is for works which can be undertaken by the current Site Contractor where those services and rates were procured by tender.

### **Services/Purchases less than \$50,000**

Services/purchases totalling not less than \$20,000 but up to \$50,000 require at least 1 quote.

### **Services/Purchases greater than \$50,000 but less than \$250,000**

Services/purchases totalling more than \$50,000 and less than \$250,000 require at least two (2) quotes. The works and assessment criteria will be clearly specified. The extent of criteria will depend on the criticality and value of works. In many cases, lowest price in compliance with spec may be the assessment criteria. Written quotes will be assessed by not less than two (2) people, and the procurement decision will be documented.

### **Service/Purchases greater than \$250,000**

Services/purchases totalling more than \$250,000 shall follow open tender process.

The following process must be followed:

- The scope or specification, price, schedule for delivery & commercial terms must be defined in writing.
- Tender assessment criteria and weightings are to be developed and published in the tender scope or specification

- Tenders are to be assessed against the assessment criteria by not less than two (2) people. The Board may decide that an independent person with the appropriate skills is to be appointed to assist with the assessment.
- Consultants or providers/contractors must provide evidence of Public Liability insurance of not less than \$20m and Professional Indemnity insurance of not less than \$2m.
- Contractors must provide evidence of Public Liability insurance of not less than \$20 million and maintain suitable quality, safety and environmental management systems.
- Establishing that there are satisfactory funds and resources available to cover the commitment.
- A DWM order number is to be generated once the above criteria are met, and
- Any other minuted criteria as required by the DWM Board.

### **Limits of Authority**

<b>Limits of Authority</b>	<b>Delegated Authority to Generate Orders</b>
<b>Unbudgeted Expenditure:</b>	
Less than \$50,000 <i>unbudgeted</i>	CEO with material items to be reported to Board of Directors
Greater than \$50,000 but less than \$250,000 <i>unbudgeted</i>	CEO with report to Board of Directors in all instances
Greater than \$250,000 <i>unbudgeted</i>	Shall follow open tender process – CEO with authorisation from Board of Directors
<b>Budgeted Expenditure:</b>	
Less than \$50,000 <i>budgeted</i>	CEO with material items to be reported to Board of Directors
Greater than \$50,000 but less than \$250,000 <i>budgeted</i>	CEO with material items to be reported to Board of Directors
Greater than \$250,000 <i>budgeted</i>	Shall follow open tender process - CEO with authorisation from Board of Directors

### **CEO Delegation of Authority to generate Orders**

Delegated limits for personnel to generate purchase orders for *budgeted* items is at the Chief Executive Officer’s discretion and is to be clearly detailed in a procedure.

The CEO shall not break down a procurement of products into its various components or reduced quantities in order to avoid the necessity of obtaining the prescribed approvals.

All purchases with credit card, by the CEO or personnel, will be undertaken in accordance with the “Process & Authorisation for Credit Card Receipts & Credit Card Statements” procedure.

### **Environmental Consideration**

For major construction contract, the CEO will be responsible for putting in place the systems that identify and document the environmental and safety aspects & impacts of the contract in the tender documents. They will also determine that the contractor assessment process contains the

necessary requirements to confirm the successful tenderer is competent to meet the environment requirements of the contract.

For other purchases concerning goods and services for the landfill facility, the authorised signing officer will consider whether or not there are any significant environmental aspects involved and if so, specify the competency or other requirements on the purchase order.

## **OTHER KEY RELATED POLICIES**

- Delegated Authority for the Chief Executive Officer Policy

## **REVIEW**

This policy will be reviewed every two years unless directed otherwise by the Board, or earlier if a legislative change occurs.

<b>REFERENCE</b>			
<b>APPROVED BY:</b>	DWM Board of Directors	<b>MINUTE NO:</b>	MFID 48469
<b>APPROVAL DATE:</b>	31 <sup>st</sup> December 2017	<b>REVIEW DATE:</b>	September 2018