	<p style="text-align: center;"><i>Procurement Policy</i> <i>Finance</i> <i>Policy No. FINPOL 04</i></p>	Version No:	10
		Responsible Officer/s:	Asset Maintenance and Procurement Officer
		Classification:	Council
		Issued:	3/4/2013
		Next Review:	April 2027

1. Purpose

This document sets out the Council's policy 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

All Council purchases must be carried out in compliance with the *Local Government Act 1999* (the "Act"). This policy complies with the requirements of the Act and Regulations.

In terms of specific requirements, Section 49 (a1) of the Act requires Council to develop and maintain procurement policies, practices and procedures directed towards:

- a) obtaining value in the expenditure of public money; and
- b) providing for ethical and fair treatment of participants; and
- c) ensuring probity, accountability and transparency in the procurement process.

Without limiting Section 49 (a1), a council must prepare and adopt policies on contracts and tenders, including policies on the following:


- d) the contracting out of services; and
- e) competitive tendering and the use of other measures to ensure that services are delivered cost effectively; and
- f) the use of local goods and services; and
- g) the sale or disposal of land or other assets.

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

- a) identify circumstances where the Council will call for tenders for the supply of goods, the provision of services or the carrying out of works, or the sale or disposal of land or other assets; and
- b) provide a fair and transparent process for calling tenders and entering into contracts in those circumstances; and
- c) provide for the recording of reasons for entering into contracts other than those resulting from the tender process; and
- d) be consistent with any requirement prescribed by the regulations.

The duty pursuant to Section 49(3) of the Act a council may at any time alter their policy, or substitute a new policy or policies (but not so as to affect any process that has already commenced).

The duty pursuant to Section 49(4) of the Act to make available for inspection (without charge) a policy adopted under this Section at the principal office of Council during office hours.

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The duty pursuant to Section 49(5) of the Act is that a person is entitled, on payment of a fixed fee to the council, to a copy of a policy under this section.


3. Definitions

- Open Tenders - All interested parties are invited through open public advertisement to tender on a common basis. Tenderers would normally be required to prove they have the necessary competence, resources, quality, Work Health and Safety management and financial capacity to undertake the work.
- Select Tenders - A limited number of organisations are directly invited to tender because of their proven experience or recognised ability to undertake particular work.
- Expressions of Interest – All interested parties are invited through open public advertisement to submit details of the necessary competence, resources, quality, Work Health and Safety management and financial capacity to undertake the work. Respondents are evaluated, with those meeting the required criteria then being invited to submit a full tender.

4. Policy Objectives

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

- a) advancing and/or working within Council's economic, industrial, social and environmental policies and/or agreements in accord with Council's Strategic Management Plan;
- b) enhancing value for money by encouraging competition by ensuring non-discrimination in procurement and using competitive procurement processes;
- c) promoting the use of resources in an efficient, effective and ethical manner;
- d) making decisions with probity, accountability and transparency;
- e) providing reasonable opportunity for competitive local businesses to supply to Council;
- f) considering the impact of the service delivery approach on local businesses, observing National Competition Policy guidelines and associated legislation;
- g) appropriately managing risk;
- h) promoting compliance with all relevant legislation; and
- i) advancing opportunities for creating or maintaining economic development and growth in the region and other opportunities to participate with other spheres of government, community groups and the private sector in service delivery.

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5. Policy

5.1 Procurement Principles

Council employees must have regard to the following procurement principles in all purchasing activities:

5.1.1 Open and Effective Competition

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

5.1.2 Value for Money


Council must harness its purchasing power to achieve the best value for money. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration, as applicable, of:

- contribution to Council's strategic plan and other priorities;
- the performance history of each prospective supplier;
- compliance with the statement of requirement, fitness for purpose, quality, services, support and warranty;
- financial considerations including all relevant direct and indirect benefits both tangible and intangible;
- efficiency and effectiveness;
- whole-of-life costs including costs of acquiring, using, maintaining and disposal;
- delivery and/or timeliness;
- the flexibility to adapt to possible change over the lifecycle of the property or service;
- internal administration costs;
- risk exposure;
- the value of any associated environmental benefits; and
- the evaluation of contract options (for example, contract extension options).

5.1.3 Ethical Behaviour and Fair Dealing

Council employees involved in purchasing are to:

- behave with impartiality, fairness, independence, openness, integrity, and professionalism in their discussions and negotiations with suppliers and their representatives particularly through open and competitive tendering where practical and appropriate;
- provide all suppliers with equal opportunity to supply to Council;
- provide straight forward and user friendly tender requests;

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- have a clear and easy to understand evaluation criteria and methodology;
- have a consistent processes and feedback on decisions;
- have access to a timely and effective complaints procedure;
- ensure effective communication and provision of information to all suppliers; and
- not use negotiations with individual suppliers as an opportunity to trade-off one suppliers prices against another in order to obtain a lower price.

5.1.4 Probity, Accountability, Transparency and Reporting

Council requires that all its employees be answerable for their plans and actions and for the outcomes. All procurement shall be undertaken in a manner that ensures:


- clearly established roles and responsibilities;
- appropriate record keeping and documentation;
- transparency of decisions made;
- adherence to all statutory legislation and local codes of conduct;
- the identification and management of actual or potential conflicts of interest; and
- the confidentiality of all commercial information.

5.1.5 Encouragement of the Development of Competitive Local Business and Industry

Council recognises that local businesses are an integral part of the overall community and is committed to providing assistance that will support and encourage their success.

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

- creation of local employment opportunities;
- more readily available servicing support;
- more convenient communications for contract management;
- economic growth within the local area;
- benefit to Council of associated local commercial transaction;
- the short and long term impact of the procurement on local business; and
- any impact of National Competition Policy guidelines and associated legislation.

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5.1.6 Environmental Protection

Council promotes environmental protection through its purchasing procedures. In undertaking any purchasing activities Council 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; and
- encourage environmentally responsible activities.

5.1.7 Contractors

Council will provide services to the community in the most efficient, effective and economical manner possible. This may require the use of contractors. Contractors are obliged to comply with Council's policies on Work Health and Safety and environmental protection.


Council will maintain an Approved Contractors Register. Only Contractors who have provided the required documentation and undertaken a corporate induction will be included on the current register. This register will be updated on an ongoing basis and shall be used by all Council Officers when seeking to engage the services of a contractor.

5.2 **Purchase Orders**

Except under circumstances listed below, goods and services will be obtained by use of an official order, provided that in urgent cases goods and services may be ordered subject to confirmation by an official order. Before the purchase order is signed it will include an estimate of the cost of the goods and services ordered.

It shall not be necessary to obtain a purchase order for the following:

- Fees or payments imposed under any Act.
- Insurance and freight charges.
- Payments pursuant to any court order binding upon a Council.
- Goods purchased from petty cash or with a Council Purchase Card.
- Renewal of registration and subscriptions.
- Payments of utilities.
- Purchases under \$100.00.
- Loan repayments.
- Donations and Community Grants where GST is not applicable and a Tax Invoice is not required.
- Services where a contract or agreement has been entered into with the provider.
- Engagement of legal services.

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For more information refer to Internal Control Procedure for Purchasing and Procurement.

5.3 Monetary Limits

5.3.1 Acquisitions Under \$1,000

It is not necessary to seek quotations for acquisitions under \$1,000, although it is recommended to use professional discretion and periodically undertake market testing to ensure best value is being achieved.

5.3.2 Acquisitions Between \$1,000 and \$5,000

For acquisitions between \$1,000 and \$5,000 at least one verbal quotation is required.

Notes:

- *Details of the verbal quotation(s) received must be included in the "Notes" section of the purchase requisition.*

5.3.3 Acquisitions Between \$5,000 and \$100,000

For acquisitions between \$5,000 and \$100,000 at least three written quotations are required. Where the acquisition is in excess of \$20,000, quotations must be sought via a formal Request for Quotation (RfQ) process.

Notes:


- *All three written quotations must be attached to the purchase requisition and in the event that a quotation other than lowest is accepted, then the reason for this must be included in the "Notes" section of the purchase requisition.*
- *Raising of rubble and screenings, trimming/removal of vegetation, linemarking and kerbing are exempt from this requirement, although it is recommended to use professional discretion and periodically undertake market testing to ensure best value is being achieved.*

5.3.4 Acquisitions Above \$100,000

For acquisitions above \$100,000 a formal Request for Tender (RfT) process must be undertaken prior to awarding a contract for the carrying out of work or the supply of goods or services in accordance with Council's Tendering Procedure (FINPR 04.1).

Notes:

- *This requirement to tender will not apply if:*
 - *it is impracticable to call for tenders in the circumstances of a particular case; or*
 - *Council resolves for some other good cause that tenders need not be called for in the circumstances of a particular case; or*

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- *the goods are second hand/used (ie. plant and machinery) that would make it impracticable to tender. In this instance a formal quotation process should be undertaken.*
- *In the case of plant and machinery, the monetary limit applies to the actual purchase of the new item only, not the changeover price.*
- *Final acceptance of successful tenderers will be the decision of Council, unless Council has previously given delegated authority to the Chief Executive Officer to act in the matter.*


5.3.5 Exceptions

There may be procurements in which the above processes will not necessarily deliver best value for money and other market approaches may be more appropriate.

Council may be exempt from the requirement to seek tenders or quotations under the following circumstances:

- emergency situations threaten life and property where there may be significant public risk if the procurement is delayed by process requirements; or
- the pressures of time are such that an open call is not feasible, such as where there has been an unanticipated Council or Government policy decision; or
- Council purchases goods at an auction; or
- Council purchases second-hand goods; or
- 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; or
- where it can be established that there is only one supplier of a particular product or service and there is no appropriate substitute available, or where alternative options are not suitable or do not provide value for money; or
- the product is being tested/trialled to assist in the evaluation of its performance prior to a large scale purchase for which open tenders will be called.
- Where fuel is being purchased in accordance with Councils fuel preferred suppliers panel.
- Where directly purchasing from an existing purchasing panel (ie. LGA Procurement/ Procurement Australia) or when purchasing on the back of another Council's procurement process. It is recognised that in both cases a suitable approach to market shall be demonstrated.

When assessing the most effective method of obtaining goods and/or services, Council officers should consider the administrative and price costs to Council of seeking tenders or quotations independently, and the

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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 nor 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 Chief Executive Officer or Director Corporate Services using Form No. PROC006.

Note: All amounts are GST exclusive.

5.4 Cumulative Spend

Council will monitor cumulative spend with suppliers annually. If expenditure with a supplier or a number of suppliers providing similar goods or services is ongoing in nature and the annual cumulative spend has exceeded \$10,000 consistently for the preceding two financial years, then Council shall review the opportunity to pursue a contract for such goods or services through a competitive process in accordance with the Policy.

5.5 Variations

In circumstances where Council has undertaken a competitive tendering process and awarded a contract for services, it is not necessary to seek Council approval for variations unless the variation causes the total amount of the contract to exceed the amount included in the annual budget for that item.

5.6 Delegations

Only the Council officers listed in the attached Schedule 1 are entitled to sign requisitions, and then only in accordance with their financial delegation limits. By signing a requisition/purchase order all officers are confirming that they have taken full notice of this policy and will comply with all of the requirements of this policy and the appropriate council guidelines and procedures.

5.7 Contracting of Services

5.7.1 Acquisitions Under \$20,000

Use of an Approved Contractor. Where this is not practical then it is the responsibility of the officer to ensure compliance with Councils Contractor Management Policy and Procedure.


5.7.2 Acquisitions Over \$20,000

Where an acquisition of services is made for over \$20,000 an individual contract or agreement must be entered into with the contractor.

5.7.3 Acquisitions Over \$100,000

Where a tender has been awarded for services, then an individual contract or agreement must be entered into with the successful tenderer.

Notes:

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- *Contracts for services (ie. Minor Services Agreement, Minor Works Agreement or Professional Services Agreement) can only be authorised by the Chief Executive Officer or Director Corporate Services.*

5.8 Work Health and Safety Policy

This Council believes that a bi-partisan approach to workplace health and safety is beneficial to all persons at the workplace. Employees and where appropriate their elected Health Safety Representatives or Committee have the right both legally and morally to be kept informed of any changes to the workplace which might affect their health or safety.

It is the policy of Council that prior to making a decision to purchase plant, equipment, substances or anything which may affect the health, safety or welfare of employees at the workplace management will consult with duly elected health and safety representatives and health safety committees.

This is in accordance with *Part 5, Division 2 (47) of the Work Health and Safety Act 2012 – Duty to consult workers.*

All plant, equipment and substances will be purchased from manufacturers, suppliers or distributors who comply with the *Part 2, Division 3 (23) of the Work Health and Safety Act 2012 – Duties of persons conducting businesses or undertakings that manufacture plant, substances or structures*, ensuring that plant and substances are safe, have been tested or examined, are supplied with relevant documentation where necessary, comply with prescribed standards and codes and that adequate information is available to ensure safe use, handling, processing storage, transportation or disposal etc.

Preference will be given to manufacturers of equipment from South Australia and/or Australia.

All purchasing contracts will be endorsed with the requirement that all prescribed standards of the *Work Health and Safety Act 2012* are met.


All plant and equipment will be inspected prior to commissioning to ensure that all relevant requirements have been met.

5.9 Unsolicited Proposals Policy

Council has adopted an Unsolicited Proposals Policy (FINPOL24) to deal with new and innovative ideas that may be received by Council from time to time, which aims to give confidence to investors and the community that unsolicited proposals will be considered in a consistent, transparent and lawful manner to deliver the highest standards of public value.

6. Responsibilities

Council employees responsible for purchasing goods and services must comply with this policy. It is the responsibility of Council employees involved in the procurement process to understand the meaning and intent of this policy.

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7. References:

7.1 Legislation

Local Government Act 1999

Work Health and Safety Act 2012

7.2 Council Policies / Procedures

Employee Code of Conduct

Fraud & Corruption Prevention Policy

Unsolicited Proposals Policy

Complaints Policy & Procedure

Tendering Procedure FINPR 04.1

Wood Products Encouragement Policy


7.3 Other

All forms referred to within this Policy are available from Councils Forms Register

8. Review

It is the responsibility of the Director Corporate Services to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed by Council at a minimum, once within every four (4) year Council term (or on significant change to legislation or other matters which could affect this policy).

Action	Date	Minute Reference
Adopted by Council	3 April 2013	13036.1
Amended	14 July 2014	14081.2
Reviewed & amended	7 December 2015	15149.1.2
Amended	6 June 2016	16067.4.1
Amended	15 May 2017	17067.1
Amended	15 January 2018	18005.3
Amended	4 March 2019	19028.3.3
Amended	1 March 2021	21034.1
Amended	5 May 2023	Audit & Risk Committee
Endorsed	15 May 2023	23095
Amended	16 October 2023	23216

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SCHEDULE 1 – PROCUREMENT DELEGATION TABLE

Position	Up to \$500	\$500 to \$5,000	\$5,000 to \$10,000	\$10,000 to \$50,000	\$50,000 to \$100,000	\$100,000 +
Tender Process						x
Chief Executive Officer	x	x	x	x	x	
Director Corporate Services	x	x	x	x		
Director of Environmental Services	x	x	x	x		
Works Manager	x	x	x	x		
All other Managers*	x	x	x			
Works Supervisor*	x	x	x			
Works Team Leader*	x	x	x			
All other Team Leaders**	x	x				
Mechanic *	x	x				
Asset Maintenance and Procurement Officer*	x	x				
Asset Maintenance Coordinator*	x	x				
ITC Coordinator*	x	x				
Purchasing Officer*	x	x				
Executive Assistant*	x	x				
Strategy & Governance Coordinator*	x	x				
Governance Officer*	x	x				

* This authority is restricted to areas of responsibility

** This position also includes contractor engaged in the Team Leader - Finance & Customer Service role

NOTES:

- The above authorities also apply to persons appointed in an acting capacity
- All amounts are GST exclusive
- Chief Executive Officer can authorise purchase orders above \$100,000 if a tender has been approved by Council