

Procurement Policy

Strategic Reference	Objective 4; collaborative and respectful relationships amongst community, Elected Members and Council staff. Strategy 4.3; to continuously strive for open and accountable administration practices. Strategy 4.7; make sound decision based on need, evidence, research and the aspirations of our communities.
File reference	AR18/7802
Responsibility	Community & Corporate Department
Revision Number	3
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Applicable Legislation	Local Government Act 1999, section 49 Trade Practices Act 1974 Competition Policy Reform (SA) Act 1996 WHS Act SA 2012
Related Policies	Disposal of Council Land & Other Assets Policy Prudential Management Policy Annual Business Plan & Budget Policy
Related Documents	WHS 05 – 02 Plant WHS 07 – 01 Contractor Management Draft Coorong Council Procurement Procedures Internal Contractor Management Procedures

1. Introduction

This document sets out Coorong Council's policy for the acquisition of goods and services. The policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts (including maintenance).

All Council purchases must be carried out in compliance with the [Local Government Act 1999](#) (the "Act"). Section 49 (a1), requires Council to prepare and adopt policies on contracts and tenders on:

- a. the contracting out of services; and
- b. competitive tendering and the use of other measures to ensure services are delivered cost effectively; and

Procurement Policy

- c. the use of local goods and services; and
- d. the sale or disposal of land or other assets.

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

- e. Obtaining value in the expenditure of public money; and
- f. Providing for ethical and fair treatment of participants competing for Council's business; and
- g. Ensuring probity, accountability and transparency in the procurement process.

Section 49(2) of the Act requires that this policy must:

- h. 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
- i. provide a fair and transparent process for calling tenders and entering into contracts in those circumstances; and
- j. provide for the recording of reasons for entering into contracts other than those resulting from the tender process
- k. be consistent with any requirement prescribed by the regulations.

In conjunction with Council's Prudential Management Policy this policy is to be used as a guide, to enable Council officers to implement procedures and day-to-day practices in acquiring goods and services. It applies to the procurement of goods, equipment and related services, construction contracts and service contracts (including maintenance). It does not cover non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts.

2. Policy objective

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

- l. enhancing value for money through fair, competitive, non-discriminatory procurement;
- m. promoting the use of resources in an efficient, effective and ethical manner;
- n. ensuring decisions are made with probity, accountability and transparency.
- o. advancing and/or working within Council's economic, social and environmental policies and/or Agreements in accord with Council's Strategic Management Plan;
- p. providing reasonable opportunity for competitive local businesses to supply to Council;
- q. appropriately managing organisational and safety risk; and
- r. promoting compliance with all relevant legislation.

Procurement Policy

3. Responsibility

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 the policy.

4. Procurement principles

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

a. 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.

b. Value for money

Council employees must harness its purchasing power to achieve the best value for money, recognising the concept of value for money is not restricted to price alone.

The value for money assessment must include consideration of:

- i the contribution to Council's strategic plan and other priorities;
- ii the performance history and quality, scope of services and support of each prospective supplier;
- iii compliance with the Statement of Requirement, fitness for purpose, and warranty;
- iv relevant direct and indirect benefits both tangible and intangible;
- v efficiency and effectiveness of the procurement activity;
- vi whole-of-life costs including costs of acquiring, using, maintaining and eventual disposal;
- vii ability to deliver and/or meet critical timelines;
- viii the flexibility to adapt to change over the lifecycle of the service or item;
- ix Council's administration or overhead costs;
- x risk exposure of alternatives;
- xi all safety aspects to be met to maximise the safety of staff and the public through the life of the project and or asset;
- xii environmental costs and/or benefits; and
- xiii the evaluation of contract options (for example, contract extension options)

c. Ethical Behaviour and Fair Dealing

Council employees involved in purchasing are to:

- i behave with impartiality, fairness, independence, openness, integrity, and professionalism in their discussions and negotiations with suppliers and their representatives ;
- ii provide all prospective suppliers with:

Procurement Policy

- equal opportunity to supply to Council;
- straight forward and user friendly specifications or requests;
- clear and easy to understand evaluation criteria;
- consistent processes and feedback on decision making;
- effective communication and provision of information; and
- access to a timely and effective complaints resolution procedure.

d. Probity, Accountability, Compliance, Transparency and Reporting

Council requires that its employees be answerable for the outcomes outlined and approved in the annual budget. All procurement shall be undertaken in a manner that ensures:

- iii clearly established roles and responsibilities;
- iv appropriate documentation and record keeping;
- v transparency of decision making;
- vi adherence to all relevant legislation and codes of conduct;
- vii the identification and management of potential conflicts of interest;
- viii the confidentiality of commercial information accessed during the purchasing process;

e. Encouragement of the development of competitive local business and industry

Where the evaluation criteria are equivalent, the following areas may be considered in evaluating offers made by suppliers:

- ix creation of local employment opportunities and/or economic growth in the local area;
- x increased availability of local servicing support;
- xi increased convenience of communications with the supplier;
- xii the short and long term impact of the procurement on local business.

f. Environmental protection

Council will seek to:

- xiii adopt purchasing practices which conserve natural resources;
- xiv align Council's procurement activities with principles of ecological sustainability;
- xv purchase recycled and environmentally preferred products where possible;
- xvi integrate relevant principles of waste and energy minimisation; and
- xvii provide leadership to business, industry and the community by promoting the use of environmentally friendly goods and services.

g. Contractors

Council will provide services to the community in the most efficient, effective and economical manner possible. This may involve the use of external contractors. External

Procurement Policy

contractors are obliged to comply with all relevant legislation, codes of practice and Australian standards, in particular those related to Work Health and Safety. Council will manage all contractors in line with WHS 07 – 01 Contractor Management.

5. Methods of purchase

Generally, open and fair competition is best achieved by undertaking a tender process where all interested parties have an opportunity to bid and provide goods and services to Council. However, there may be procurements in which a tender process will not necessarily deliver the most advantageous or cost effective outcome for the Council – in such instances, other market approaches may be more appropriate.

There is no single set of rules for determining the method used to undertake any particular purchase. Council officers must exercise judgment and common sense in determining how the purchase should be undertaken, and fully document the approach taken. The following provides a framework based on the value of the purchase with expenditure control maintained through Council's delegation framework.

Procedures to be followed in each of the options outlined below are provided for staff undertaking procurement activities.

5.1 Direct Purchasing

Used for Council purchases from a single established source or provider without first obtaining competing bids. This method is suitable for low value, low risk goods and services, and where the supplier already has a successful service history or contract with the Council.

5.2 Quotations (Informal)

Used where Council obtains quotations from prospective suppliers. A minimum of two written quotations are sought. If a written quote cannot be obtained, Council **must** keep detailed written records of the oral quote obtained, including details of the commercial terms of the quote. This method of purchasing is suitable for low value, low risk goods and services.

5.3 Request for Quotations (RFQ)

Used where Council obtains written quotations from prospective suppliers. A minimum of three written quotations is sought. This method is generally suitable for simple, largely price-based purchases.

5.4 Request for Expressions of Interest (REOI)

Used where Council issues an open invitation for proposed goods and/or service. This method may be used where there is potentially a large market for the proposed goods and/or service, and the Council intends to prepare a short list of suppliers to invite them to participate in a tender process.

5.5 Request for Tender (RFT)

Used where Council issues a tender for a proposed goods and/or service. Council may issue a "Select" Request for Tender where it has already issued a REOI, or where it has reasonable grounds for only dealing with a select group of potential suppliers.

Procurement Policy

5.6 Panel Contracts

Used where Council establishes panel arrangements with a select group of suppliers – generally, this occurs once the Council has completed its appointment of such suppliers in accordance with this Policy, and can include either:

- a standing offer from a pool of suppliers for the provision of goods and services on agreed terms; or
- the prequalification of certain suppliers 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.

5.7 Strategic Alliances

Used where Council undertakes procurement through contract arrangements already established and administered by other organisations, including:

- LGA Procurement
- Procurements Australia
- State Government contracts

5.8 Justification of choice of procurement method

The appropriate procurement method will be determined on a case by case basis.

Participation in the procurement process imposes costs on the Council and potential suppliers. These costs will be considered when determining a process commensurate with the scale, scope and relative risk of the proposed procurement.

Staff will select a method of approaching the market which is best suited to the procurement. Determining the best method in the circumstances will generally be based on the consideration of the following:

- The value of the procurement which will be 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); or
 - *ongoing purchases over a period of time* – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST).
- The cost of an open market approach versus the value of the acquisition and the potential benefits;
- The particular circumstances of the procurement activity;
- The size of the market and the number of competent suppliers;
- Council's leverage in the marketplace;
- Critical timelines for delivery of the service/item;
- Assessment of the risks associated with the activity and /or project.

Procurement Policy

Written reasons for utilising a specific procurement method in each activity must be recorded.

6. Purchases

6.1 Purchase Orders

All purchases must be preceded by either a purchase order or a contract, except when using petty cash, corporate credit cards or fees & services listed below. Purchases made with a credit card are subject to documentation. See point 8 below.

- Fees or payments imposed under any Act;
- Utility services where Council has entered into an agreement with the supplier or is bound by occupation to pay for services (water rates, electricity, telephone);
- Legal Fees
- Annual Insurance premiums;
- Insurance and freight charges that are minor and incidental to the purchase of goods;
- Payment pursuant to any Award binding upon a Council;
- Payment pursuant to any court order binding upon a Council;
- Payment pursuant to Payroll Creditors (Union, Social Club and other deductions);
- Motor Registration Payments
- Quarry royalties (recipient created invoice);
- Annual subscriptions to the Local Government Association and other Local Government Regional Groups. (Identified separately within the current budget);
- Councillor's Allowance, Council's Development Assessment Panel Members and Audit Committee Members Fees;
- Staff & Volunteer Reimbursements;
- Refunds of overpayments on Rates/Dogs/Development Applications;
- Annual Licence Fees – such as pipe under railway line and DEWNR – Licence [Boat ramp/jetty, Pump pipeline by hospital and water licences]
- Labour Hire
- Country Arts SA – Reimburse of Di Gordon expenses [as per Memorandum of Agreement]
- Council Grant's - successful recipients

6.2 Single purchases under \$20,000.00

Estimated Value Range (ex GST)	Suggested Approach to Market
\$1 - \$500	Direct purchases or quotation in accordance with financial delegations as listed in Item 7 of this Policy.
\$500 - \$5,000	Quotation with at least 2 verbal quotations, obtaining best price, taking into account quality of goods and services, past experience, freight, urgency of delivery.
\$5,001 - \$20,000	Written quotes from RFQ or <ul style="list-style-type: none">• existing third party contracts or• prequalified suppliers or• strategic alliances or• at least three (3) suppliers

Procurement Policy

	And direct negotiation with preferred supplier(s) where market is known to be limited Or by Open/Select/Limited/Staged Tender
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Records of verbal offers received that include company, contact, date received, price and any other relevant detail must be maintained electronically or in hard copy.

6.3. Purchases between \$20,000.00 and \$50,000.00

Council Policy requires that Council undertake a RFT before making a contract for the carrying out of work or the supply of goods or services involving an expenditure between \$20,000.00 and \$50,000.00. The invitation must be given to at least three persons/organisations considered capable of meeting its requirements at competitive prices.

\$20,001 - \$50,000	Written quotes from: <ul style="list-style-type: none">• prequalified suppliers• strategic alliances , Or by Open/Select/Limited/Staged Tender
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Records of offers received and deliberations in making a decision must be kept on file.

6.4. Purchases above \$50,000.00

Council Policy requires that Council invite tenders before making a contract for the carrying out of work, or the supply of goods or services involving a cost of more than \$50,000.00.

Greater than \$50,000	Tender from: <ul style="list-style-type: none">• prequalified suppliers• strategic alliances Or by Open/Select/Limited/Staged Tender
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The invitation must be made through Tenders SA online tendering; another electronic method nominated by the Council; or an appropriate manual system. All must be advertised in the Advertiser newspaper and local media allowing at least 14 days from the day of the advertisement for the submission of tenders.

Records that relate to the procurement from the establishment of the business case, any acquisition planning, records of relevant conversations, all tender documentation, tenders received, the evaluation, successful and unsuccessful letters, copies of the resultant order must be kept in an appropriate records management system..

7. Delegated purchasing authority

Council makes delegations to the Chief Executive Officer under division 4 of the Act, including the power or function to expend approved budget funds. The power may be sub-delegated by the Chief Executive Officer to other Council staff.

Only Council staff with delegated authority under section 137 of the Local Government Act 1999 can incur expenditure on behalf of Council. By signing a purchase order all officers

Procurement Policy

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.

In recognition of Council's organisation structure and commitment to prudential financial management, the Office of the Chief Executive Officer will hold a register of financial delegations. This will include, but is not limited to:

- Position title
- Incumbent (officer)
- Financial limit
- Effective date

Council will delegate power to the Chief Executive Officer to manage the register at their discretion while taking into consideration changes in officers and/or appropriate financial delegation. The delegation power and functions may be exercised individually (at the Chief Executive Officer's discretion) by each Council officer in respect of any particular matter where the officer is required or proposing to act in the course of their duties.

8. Corporate Credit Cards

Council will operate a corporate credit card system which permits an appropriate level of cards to be issued to operational staff throughout the organisation. The credit card system is capped at \$50,000 (across the organisation) and is hosted by Council's business banking facility with Bank SA. The number of cards issued will be reviewed periodically to ensure their appropriateness, as well as for the reason for which the card was issued. A replacement card can only be issued with approval of the Director Community & Corporate.

The corporate credit card recipient must comply with the conditions of use as set out in the Credit Card Agreement and Acknowledgement by Cardholders which must be signed before the card is issued. This document details limits on usage and conditions relating to documents required to support credit card transactions.

The Office of the Chief Executive Officer will hold a register of credit card expenditure (credit) limits per officer. While the credit limit will generally not alter between similar positions, the Chief Executive Officer has the delegation power and functions to exercise alteration to credit limit(s) within scope of the overarching credit limit.

Council's *Elected Members Allowance Support Policy* makes a credit card available to the Principal Member to assist them in performing and discharging their official functions and duties. Under the current system the Principal Member has a credit limit of \$5,000 and all transactions are authorised by the Chief Executive Officer.

Should the Chief Executive Officer seek to extend Council's overarching credit limit an amendment to this policy will be required.

Staff who fails to use credit cards as per the conditions of use will have the cards withdrawn and may be subject to disciplinary action.

9. Fuel Cards & Store Accounts

Procurement Policy

It is acknowledged that due to the large expanse the Council area covers, resulting in remote locations of work groups and offices, both fuel cards and store accounts are required for minor purchases by all staff to ensure business efficiency.

All staff will be required to sign a declaration which states that all purchases made using fuel cards and store accounts are for the sole business purposes of the Council.

Regular audits and stock takes of purchases made via this method will be undertaken.

10. Evaluation of Projects

Where the contract value in terms of expected recurrent or capital expenditure of any purchase exceeds an amount set by Council for the purposes of Section 48 of the Act, Council will obtain and consider a report that addresses any potential prudential issues before the final contract, agreement, Memorandum Of Understanding, Deed or other form of undertaking is executed.

11. Exceptions

Council may be exempt from the requirement to seek tenders or quotations, if:

- s. there is a significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and property, or
- t. 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
- u. Council purchases goods at an auction; or
- v. Council purchases second-hand goods; or
- w. the purchase is made with, or under an arrangement with or made by:
 - xviii the State, a government entity, a local government owned corporation, another local government, Local Government Corporate Services (LGCS Pty Ltd) or Procurement Australia; or
 - xix another Australian Government, an entity of another Australian Government or a local government of another State or a Territory; or
- x. Council resolves to enter into a contract using a significant purchasing activity plan which must state:
 - xx the objectives of the purchase and how they will be achieved; and
 - xxi alternative ways of achieving the objectives, and why the alternative ways were not adopted; and
 - xxii a risk analysis of the market from which the goods or services are to be procured.

A request for waiver of competitive process should not be viewed as a mechanism to speed up 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 Authorised Officer.

Council may at any time alter this policy, or substitute a new policy or policies (but not so as to affect any process that has already commenced).

Procurement Policy

12. Emergency purchases

For emergency or urgent circumstances a member of the Leadership Team may exercise their authority to initiate purchases.

For the purpose of this clause, emergency or urgent circumstances must relate to:

- Avoiding or minimising risk to the Council;
- Addressing genuine concerns for Public Safety;
- Protection of security of Council's assets; or
- Invoking of an Emergency Response Plan, and or the Business Continuity Plan.

Where a purchase is made under this Clause, the following will apply:

- The expenditure must be within the Delegated Financial Authority;
- The expenditure should be limited to that required to alleviate the emergency situation only;
- Council's Officers must ensure that appropriate methods of purchasing are resumed as soon practicable (i.e. purchase order generated, quotations sought for remainder of the work other than that required for emergency response);
- A full budget update report and actions taken will be provided to Council as soon as practical after the event.

13. Receipting and opening submissions

Council will observe procedures for the receipt and opening of all submissions which guarantee fairness and impartiality.

All tenders are to be opened in the presence of at least two staff nominated by the Chief Executive Officer (or nominee), with each page detailing prices being signed and dated by the staff present at the opening of tenders.

The Council must not penalise any potential supplier whose submission is received after the specified deadline if the delay is solely due to mishandling by the Council.

If Council provides potential suppliers with an opportunity to correct unintended errors of form between the opening of submissions and any decision, the Council must provide the same opportunity to all participating potential suppliers.

Council must only give further consideration to a submission if at the time of opening the submission it included the minimum content and format of submissions as stated in the request documentation issued. That is, the submission must be in a form meeting the required format and include all required information, statements, certifications and declarations.

14. Further Information

This policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's website: www.coorong.sa.gov.au.

Procurement Policy

Coorong Civic Centre

95-101 Railway Terrace
Tailem Bend
Phone: 1300 785 277
Fax: 8572 3822

Meningie Information Hub

49 Princes Highway
Meningie

Tintinara Customer Service Centre

37 Becker Terrace
Tintinara

Copies will be provided to interested parties upon request. Email council@coorong.sa.gov.au.

Any grievances in relation to this policy or its application should be forwarded in writing addressed to the Chief Executive Officer of Council.