



# Procurement Policy

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## **1 Policy Statement**

This document sets out the Council's policy for the acquisition of goods and services. This 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"). This policy complies with the requirements of the Act. In terms of specific requirements, Section 49 (a1) of the Act requires Council to develop and maintain procurement policies, practices and procedures directed towards:

- Obtaining value in the expenditure of public money;
- Providing for ethical and fair treatment of participants; and
- Ensuring probity, accountability and transparency in the procurement process.

Consistent with Section 49 (a1), this policy should be used as a guide, to enable Council officers to implement procedures, and day-to-day practices in acquiring goods and services.

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

- Enhancing value for money by encouraging competition through non-discrimination and competitive processes;
- Promoting the use of resources in an efficient, effective and ethical manner;
- Making decisions with probity, accountability and transparency;
- Providing reasonable opportunity for competitive local businesses to supply to Council
- Appropriately managing risk; and
- Promoting compliance with all relevant legislation.

## **2 Scope**

This policy applies to all procurement processes and activities undertaken by Council, including ordering, purchasing, tendering and contracting. It does not apply to real property acquisitions, funding agreements and other non-procurement expenditure, such as sponsorships, grants, donations and employment contracts.

This policy covers the whole procurement process from identification of the need to contract management. It applies to anyone who undertakes or is involved in procurement activities on behalf of the Council, including Elected Members, staff, subcontractors and volunteers.

### 3 Definitions

**Council** means the City of Playford (CoP)

**Purchase Order** means the official document used by Council to record the commitment to purchase goods and services and contains Council's standard terms and conditions. The Purchase Order is produced by Council's finance system.

**Tender** means a supplier's bid in response to Council's invitation to tender.

**Request For Tender** means a formal tender request process conducted by Council.

**Request For Quote** means a less formal quote request process conducted by Council that is generally aimed at a select group or number of market participants.

**Direct Negotiation** means a formal Tender or Quote request generally conducted with one select market participant only and that market participant selected by Council.

**Request For Expression of Interest** is a process conducted by Council that is less formal in nature and may only provide Council with an ability to gauge market participants appetite or capability to provide a particular good or service and or preliminary. This process is generally conducted in an open forum and in advance of one of the above formal processes.

**Request For Proposal** means a proposal request process conducted by Council that is informal in nature and may only provide Council with an ability to gauge a select market participants appetite or capability to provide a particular good or service and a preliminary cost offering. This process is generally conducted in advance of one of the above formal processes.

**Open Market** means a market approach, advertised in an open forum and available to all market participants.

**Select** means a market approach that is requested of a select group or number of market participants decided by Council.

### 4 Legislation and References

Legislation and Council policies relevant to this policy includes but is not limited to the following:

- Local Government Act 1999 (SA)
- Competition and Consumer Act 2010 (Cth)
- Independent Commissioner Against Corruption Act 2012 (SA)
- Security of Payment Act 2009 (SA)
- Work Health and Safety Act 2012 (SA)
- Environment Protection Act 1993 (SA)
- State Procurement Act 2004
- State Procurement Board Guidelines
- City of Playford Work Health and Safety Policies

## **5 Policy**

### **5.1 Principles**

Council's procurement activities will be conducted in accordance with these fundamental principles:

#### **5.1.1 Open and Fair Competition**

Council recognises the commercial and economic benefits of open and effective competition and must give fair and equitable consideration to all prospective suppliers.

#### **5.1.2 Probity, Accountability and Transparency**

All procurement shall be undertaken in a manner that ensures:

- Clearly established roles and responsibilities
- Appropriate record keeping and documentation
- Integrity through transparency of process and decisions made
- Adherence of Council's Code of Conduct
- Identification and management of actual or potential conflicts of interest, and
- Confidentiality of all commercial information.

#### **5.1.3 Ethical Behaviour and Fair Dealing**

Council employees involved in purchasing are to:

- Behave with impartiality, fairness, openness, integrity, and professionalism
- Provide all suppliers with equal opportunity to supply to Council
- Establish clear and easy to understand evaluation criteria and methodology
- Provide consistent processes and feedback on decisions, and
- Ensure effective communication and provision of information to all suppliers.

#### **5.1.4 Value for Money**

Council seeks to achieve value for money and acquire quality goods and services. The concept of value for money is not restricted to price alone, the assessment must include consideration, where applicable, of:

- Ensuring that the goods and/or services meet the needs of the community
- Procurement through purchasing groups, cooperatives and other councils
- 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 and costs both tangible and intangible
- Delivery and/or timeliness
- The flexibility to adapt to possible change over the lifecycle of the property or service, and
- Risk exposure

#### **5.1.5 Risk Management**

Council will ensure that appropriate practices and procedures of internal control and risk management are in place for its procurement activities including risk identification, assessment and implementation of controls. Key strategic procurement risk categories to be considered are:

- Financial
- Operational and business continuity
- Work Health and Safety

- Legal, and
- Image and reputation
- Environmental Compliance

### **5.1.6 Industry Participation**

Council is committed to maximising the positive impact of its activities to benefit the community and its economy, giving preference to Local and or Northern Region benefit when all other financial and commercial considerations are equal. The following areas may be considered in evaluating offers:

- Creation of local employment and training opportunities
- Economic growth within the local area
- Benefit to Council of any associated local commercial transaction, and
- The short and long term impact of the procurement on local business.

Considerations for these elements are further defined in Councils Industry Participation Policy and Guidelines.

### **5.1.7 Environmental Sustainability**

Council promotes environmental sustainability through its procurement activities and will consider the purchase of environmentally friendly goods and services that satisfy value for money criteria.

## **5.2 Application**

### **5.2.1 Method of Procurement (Solicited)**

Council will select an approach to market best suited to the particular requirement and based on applying the procurement principles referred to above. These may include:

- Request for Quote
- Request for Tender (Select or Open Market)
- Request for Expression of Interest (EOI)
- Request For Proposal
- Direct Negotiation

Should Council procure using a different method than those listed, then Council will record the reasons for selecting that method.

Council is not obliged to accept the lowest offer. Council may reject all offers and may invite further offers.

### **5.2.2 Thresholds (Individual Engagement)**

Subject to a risk assessment, Council will have regard to the following:

- **Purchases under \$1,000**  
Purchases less than \$1,000 do not require a Purchase Order.
- **Purchases between \$1,000 and \$20,000**  
Purchases between \$1,000 and \$20,000 require a minimum of one quote.
- **Purchases between \$20,000 and \$100,000**  
Purchases between \$20,000 and \$100,000 require a minimum of three written quotations or another method of procurement.

Records of verbal offers received are to be maintained electronically or in hard copy and must include company, contact, date received, price and any other relevant detail.

- **Purchases greater than \$100,000**

For purchases exceeding \$100,000, Council will call for tenders.

### **5.2.3 Thresholds (Ongoing Engagement)**

For recurrent service delivery or supply requirements, where multiple engagements of an uncontracted supplier or multiple uncontracted suppliers of the same service delivery or supply type exceed an in aggregate value of \$100,000 within a twelve month period, Council will institute call for tenders in that service delivery or supply type with a view to executing an ongoing contract for supply.

The Contract type may be:

- Sole Supply (Single Provider); or
- Panel (Multiple Providers)

### **5.2.4 Evaluation**

If Council undertakes a tender process, it will issue a request for tender document. This may be done on either an open or select basis. In either case the process will be fair and transparent.

Tenders will be evaluated by a panel against the criteria stated in the tender.

Council may engage consultants or contractors to sit on the tender evaluation team to provide specialist expertise where Council does not have that expertise available internally.

All members of the tender evaluation team are required to disclose any conflict of interest immediately and any conflict will be assessed to ensure probity is maintained.

### **5.2.5 Contract Management**

Council will ensure that appropriate practices and procedures of internal control relating to contract management are performed. Thus ensuring contractual and legislative compliance is maintained, deliverables are achieved and contract value is maximised.

### **5.2.6 Exemptions**

This policy contains general guidelines for the Council to follow in respect of its procurement activities. There may be circumstances in which a tender process will not necessarily deliver the best outcome for the Council, or where other market approaches may be more appropriate.

In these circumstances, the Council, the Chief Executive Officer, Deputy Chief Executive Officer or an officer of the Council who is a General Manager, may waive application of this policy or the methods of procurement and pursue a method which will bring the best outcome for the Council.

Situations where it may be appropriate for the application of this policy to be waived include:

- potential for significant public risk, such as emergency situations threatening life and property
- the supply market is known to be limited
- the pressures of time are such that a tender process is not feasible
- the Council is able to obtain value for money from an existing supplier of goods, works or services whose appointment was subject to a competitive process
- Council purchases goods at an auction
- the contract is made with:
  - the State, a government entity, a local government owned corporation, another local government,
  - Local Government Association Procurement (LGAP) or Procurement Australian entity of another Australian Government or a local government of another State or Territory

Any departure from this policy must be appropriately documented and approved.

### **5.2.7 Innovative Proposals**

Council may consider innovative proposals.

An innovative proposal includes a proposal submitted to Council that has not been requested by Council through its regular procurement process, is from the private and non-government sector and is new and innovative and could assist Council to achieve its strategic objectives (**Innovative Proposals**).

The nature of an Innovative Proposal can cover a wide range of areas and may include:

- Delivery of goods and services to or on behalf of Council; or
- Provision of infrastructure for the community; or
- The purchase, lease or development of Council owned or managed land.

The consideration of an Innovative Proposal received by Council must be considered with reference to the Council's Innovative Proposals Guidelines.

### **5.2.8 Delegations**

Only Council officers with appropriate authority and financial delegation can approve acquisitions. By signing a requisition/purchase order, all officers confirm that they have taken full notice, and will comply with all requirements, of this policy and the appropriate Council guidelines and procedures.

### **5.2.9 Confidentiality**

Council will take all reasonable steps to preserve the confidentiality of any information it obtains from a tenderer or supplier, subject to the relevant provisions of the Freedom of Information Act 1991 (SA), Local Government Act 1999 (SA) and Council's Records Management Policy.

### 5.2.10 Engagement Mechanism

All engagements of a supplier, unless specifically excluded in this Policy or associated Guideline document, must be preceded with a minimum of a formal Council Purchase Order. The Purchase Order must be issued and accepted by the supplier prior to any performance of works and or supply of goods to Council.

### 5.2.11 Delegation and or Policy Thresholds

The act of Purchase Order value splitting or the raising of Purchase Orders to a lesser value and amending to a higher value at a later date, for reason of circumventing the above policy thresholds or system delegation limitations will be seen as a direct breach of Councils Procurement Policy and or Code of Conduct.

## 6 Responsibilities

The Procurement Team is responsible for communicating, implementing and monitoring compliance to the policy.

## 7 Relevance to Council Plan

Strategy 5. Building our capabilities

Outcome 5.1 Highly performing organisation

Outcome 5.2 Delivering value for money services

## 8 Supporting Documentation

- City of Playford - Procurement Guidelines and associated forms
- City of Playford - Industry Participation Policy and associated Guidelines (In Development)
- City of Playford - Unsolicited Proposal Guidelines and associated forms (In Development)
- City of Playford – Contract Management Frame Work (In development)

## 9 Approval and Change History

| Version | Approval Date | Approval by                       | Change                      |
|---------|---------------|-----------------------------------|-----------------------------|
| 2       | 24 May 2016   | Full Council<br>(Resolution 2575) | Policy completely reworked. |
| 3       | 25 July 2017  | Full Council<br>(Resolution 2932) | Administrative Changes      |