


POLICY		Responsible Department	Essential Services & Assets
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PROCUREMENT POLICY	
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Applicable Legislation

Local Government Act 1999

Related Policies

Code of Conduct for Council Employees
 Credit Card Policy
 Disposal of Land & Assets Policy
 Financial Internal Control Policy
 Prudential Management Policy
 Risk Management Policy

Related Procedures

Tendering Procedures Manual
 Plant Procedure
 Creating Orders in Open Office Guide

Reference Documents

Procurement Glossary
 Financial Delegations
 LGA Procurement Handbook – latest version from LGA web site
 Standard Procurement Templates (various)
 Pre-Purchase Checklist

Contents

1. PURPOSE	3
2. POLICY SCOPE	3
3. POLICY OBJECTIVE	4
4. PRINCIPLES	4
4.1. Procurement Pre-requisites	4
4.2. Obtaining Value for Money	4
4.3. Risk Management	5
4.4. Probity, Ethical Behaviour and Fair Dealing	5
4.5. Accountability, Transparency and Reporting	5
4.6. Efficient Procurement Practices	5
4.7. Use of Local Suppliers	5
4.8. Emergency Situations	5
4.9. Special Consideration	5
4.10. Work Health and Safety	6
4.11. Environmental Management and Sustainability	6
5. PROCUREMENT MODES	7
5.1. Procurement Methods	7
5.2. Tender Process	7
5.3. Purchase Orders	8
5.4. Confidentiality	8
5.5. Prudential Management	8
5.6. Request for Expressions of Interest	8
5.7. Unsolicited Proposals	8
6. DELEGATIONS AND APPROVALS	8
6.1. Financial Delegations	8
6.2. Separation of Powers	8
6.3. Timing of Approval	8
6.4. Unbudgeted & Over-budget Purchases	9
6.5. Contract Variations	9
7. CONDUCT OF OFFICERS	9
8. PUBLIC ACCESS TO POLICY	9
9. POLICY REVIEW	9

1. PURPOSE

This Procurement Policy (the Policy) sets-out the matters to be considered by Roxby Council (the Council) when procuring Goods, Services and Works.

It provides both Council officers and the Market with a Procurement framework that defines the methods by which Council can acquire Goods, Services and Works.

Section 49 of the Local Government Act 1999 (the Act) requires Councils in South Australia to prepare and adopt policies relating to:

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

Section 49 of the Act also requires Councils to develop and maintain Procurement policies and procedures directed towards –

- obtaining value in the expenditure of public money; and
- providing for ethical and fair treatment of participants; and
- ensuring probity, accountability and transparency in Procurement operations.

Procurement undertaken by the Council shall be consistent with and support Council's Strategic Management Plan and Annual Business Plan.

2. POLICY SCOPE

This Policy applies to all Procurement activities performed by Council to source Goods, Services or Works from external Suppliers - see Figure 1 below.



Source
"Procurement Good Practice Guide"
South Australian Government

Figure 1 - Procurement Process Model

The Policy does not apply to:

- non-Procurement expenditures such as sponsorships, grants, funding arrangements, and donations; or
- employment contracts
- the disposal of land and other Assets owned by the Council; or
- the purchase of land.

3. POLICY OBJECTIVE

The Policy is designed to assist Council in achieving best-practice Procurement outcomes by:

- enhancing value-for-money through fair, competitive, non-discriminatory Procurement.
- promoting the use of resources in an efficient, effective and ethical manner;
- making decisions with probity, accountability and transparency;
- working within Council's economic, social and environmental policies;
- providing reasonable opportunity for competitive local businesses to supply to Council;
- appropriately managing risk; and
- ensuring compliance with all relevant legislation.

In some cases, Council may experience Procurement difficulties as a consequence of its remote location. This may require flexibility in the application of Procurement practices to ensure balance is achieved across the various Objectives and Principles set-out in this Policy.

4. PRINCIPLES

4.1. Procurement Pre-requisites

Council will only approach the Market after –

- establishing a clear need for the required Goods, Services or Works,
- complying with Prudential Management Policy requirements, and
- gaining proper approval for the proposed expenditure

4.2. Obtaining Value for Money

An assessment of value for money must include, where applicable, consideration of:

- whole of life costs, not just purchase price;
- the contribution to Council's long-term plan and strategic direction;
- any relevant direct and indirect benefits to Council, both tangible and intangible;
- the efficiency and effectiveness of the proposed Procurement method, including Council's internal administration costs;
- the performance history of each Respondent;
- fitness for purpose of the proposed Goods, Services or Works;
- technical compliance with the Requirement specification;
- risk assessment; and
- the value of any associated environmental benefits.

4.3. Risk Management

Council will adopt sound risk management principles in its Procurement activities consistent with the Council's Risk Management Policy and Plant Procedure.

4.4. Probity, Ethical Behaviour and Fair Dealing

Council is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations, and use its best endeavours to deal with all respondents on the basis of mutual trust and respect.

If Council or the Chief Executive assess that the need for impartiality, fairness or independence will be compromised without the appointment of an independent Probity Officer, then one should be appointed for any specific procurement project.

Council will maintain the confidentiality of commercial information provided by Suppliers. Clauses dealing with the treatment of Confidential Information will be included in all Purchase Agreements.

4.5. Accountability, Transparency and Reporting

Records detailing all aspects of a Procurement process are to be maintained and appropriate documentation completed commensurate with the nature and complexity of the transaction.

Council must record written reasons for utilising a specific procurement method in each activity and where it uses a procurement method other than tendering.

4.6. Efficient Procurement Practices

Standard processes and documentation will be used wherever possible to ensure efficiency and consistency. Panel arrangements and pre-qualification of Suppliers will be utilised to improve the efficiency of the Procurement process and reduce the impact of repetitive bidding on Respondents.

4.7. Use of Local Suppliers

Where all other factors are equal, the Council may, to the extent permitted by law, favour the engagement of Suppliers operating within the area of Roxby Downs.

The following criteria are to be considered in selecting a local Supplier

- the creation of local employment opportunities;
- increased availability of local servicing support;
- increased convenience in dealing with the Supplier for contract management;
- economic growth within the local area;
- benefit to Council of associated local commercial transaction; and/or
- the short and long term impact of the Procurement on local business.

Where a suitable local area Supplier is not available then preference may be given to South Australian based and then Australia based Suppliers of Goods, Services or Works, in that order.

4.8. Emergency Situations

From time to time, Council may have to respond to emergency situations. Under these circumstances the Administrator may decide to take whatever action is required to ensure a prompt and effective Procurement is undertaken in the best interests of the Roxby Community.

4.9. Special Consideration

Situations may arise which do not meet the definition of an emergency situation but require action within a timeframe which is not achievable using the Request for Tender (RFT) process.

In such cases, the Chief Executive shall seek written authorisation from the Administrator, which shall include:

- i) The reasons why Special Consideration is required to fund a particular project.
- ii) How the Special Consideration ensures the best value outcome for the Community

4.10. Work Health and Safety

The Council will ensure that WHS is considered prior to the acquisition of plant and equipment.

As a minimum, this will be compliance to the Work Health, Safety and Welfare Act 2014 and all associated regulations. Additional health and safety requirements specific to the Procurement will be advised in the Procurement Documentation, which will typically include obtaining insurances and licences and certification relevant to the works, good or services.

4.11. Environmental Management and Sustainability

Council will seek to:

- adopt purchasing practices which conserve natural resources;
- align the Council's Procurement activities with principles of ecological sustainability;
- purchase recycled and environmentally preferred products where possible;
- integrate relevant principles of waste minimisation and energy efficiency;
- foster the development of products and Services which have a low environmental impact;
- provide leadership to business, industry and the community in promoting the use of environmentally sensitive Goods and Services.

When engaging Suppliers, Council will require a minimum standard of environmental management which includes compliance with all applicable environmental law, regulations and licences. Additional environmental requirements specific to the Procurement will be advised in the Procurement Documentation.

5. PROCUREMENT MODES

5.1. Procurement Methods

The procurement method will typically be determined by the monetary value and level of risk to Council.

The table below summarises the minimum procurement requirements:

Expenditure*	Requirement	Additional Requirement
Up to \$10,000	Quote from a single supplier	Expenditure in Council approved budget
\$10,001 to \$200,000	Three (3) Written Quotations**	Group Manager approval for expenditure over \$10,000 Chief Executive approval for expenditure over \$50,000
Over \$200,000	Formal tender process for purchases over contract duration over \$200,000	A formal Tender Evaluation Plan and Tender Evaluation Report with recommendation to Chief Executive (CE) for approval and Council Report to endorse recommendation, (Exception where CE has prior authorisation to approve by Council.

Table 1: Procurement requirements.

*The expenditure levels shown in Table 1 are the purchase value excluding GST.

** Due to the limited number of specialist suppliers in Roxby Downs, there may be occasions where it is not practical to obtain three quotations. In all instances where purchases are over \$10,000 at least two (2) quotations are required, except where the proposed works are included within the scope of a Council approved Contract.

The total expenditure value must be considered when the procurement is for multiple purchases. For example, two (2) purchases of \$8,000 should be treated as an expenditure of \$16,000 and would require three (3) written quotations.

Council may issue a Request For Tender (RFT) as a formal public tender or select tender in accordance with the Tendering Procedures Manual.

The Administrator may authorise an alternative method of procurement.

5.2. Tender Process

An open tender must be advertised publicly through the Tenders SA website and/or the LGA Vendor panel website.

A select tender process may be used where there are a limited number of suppliers able to provide the goods or services sought.

Both open tenders and select tenders require:

- Tender Evaluation Team (TET)
- Tender Evaluation Plan (TEP)
- Tender Evaluation Report (TER).

The process for conducting evaluation is to be in accordance with the Tendering Procedures Manual.

5.3. Purchase Orders

Purchase Orders are required for expenditures over \$2,000.

There may be occasions when it is not practical to issue a Purchase Order, for example when emergency remedial works are required outside of business hours. In such cases, a Work Order shall be provided to the supplier as an interim measure.

The initiating officer and the approving officer must be different Council employees.

5.4. Confidentiality

Subject to the requirements of the *Freedom of Information Act 1991*, and the *Local Government Act 1999* confidentiality with regards to contractual arrangements with suppliers shall be maintained.

5.5. Prudential Management

A Prudential Report will be prepared for major projects in accordance with Section 48 of the *Local Government Act 1999*.

5.6. Request for Expressions of Interest

A Request for Expressions of Interest may be issued to test the market. The process is the same as a normal procurement with the exception that responses do not constitute a binding offer capable of acceptance by the Council to form a Contract.

5.7. Unsolicited Proposals

Council recognises the reputational risk associated with any unsolicited bid. For this reason, 'exceptional circumstances' would need to be present before Council would consider any unsolicited bid. For an 'exceptional circumstance' to exist, the proposal would need to:

- Be unique in that it could not be delivered by any other party within acceptable timeframes, and Promote a tangible economic, social or environmental outcome which is consistent with Council's strategic objectives.
- Any unsolicited proposal with a value greater than \$200,000.00 would automatically be subject to an appropriate competitive tender process in order to ensure appropriate governance standards

Proposals that are rejected on the basis of value or as a consequence of the following evaluation process should nevertheless undergo an internal evaluation to determine merit for future planning purposes.

6. DELEGATIONS AND APPROVALS

6.1. Financial Delegations

Council Officers can only approve Procurement expenditure in accordance with the Financial Delegation approved for their position - see 'Financial Delegations' reference document.

Officers giving approval for Procurement expenditure are required to review all associated Procurement documentation to ensure they are fully conversant with the Procurement process.

6.2. Separation of Powers

Purchase Orders must be approved by a different person than the originator.

6.3. Timing of Approval

Approval must be obtained from an appropriately authorised Officer before an Offer is accepted -

- in the case of acceptance of an Offer by Purchase Order, prior to forwarding a Purchase Order to a Supplier, or

- in the case of acceptance of an Offer by entering into a Contract, prior to advising the Supplier that its Offer has been accepted.

6.4. Unbudgeted & Over-budget Purchases

No Goods, Services or Works may be procured unless they have been included in an approved budget. Expenditure which does not form part of an approved budget may not be incurred or committed without formal approval of the Administrator.

Where the value of a Procurement is likely to exceed the budget for that activity, formal approval of the Administrator is required before an Offer is accepted.

6.5. Contract Variations

Contract variations costing 5% or more of the original contract value or resulting in a cumulative cost variation of 10% or more of the original contract value must be approved as if the new (varied) total contract value is being approved.

7. CONDUCT OF OFFICERS

Council officers involved in the Procurement process will at all times undertake their duties in an ethical and impartial manner with the highest level of integrity.

- Electronic version on the Intranet is the controlled version.
- Printed copies are considered uncontrolled.

Before using a printed copy, verify that it is the current version.

Officers will not engage in any activity that would create a conflict between personal interests and the interests of the Council.

Council employees are bound by a Code of Conduct which addresses issues such as conflict of interest, gifts and hospitality and improper influence.

8. PUBLIC ACCESS TO POLICY

Sections 49(4) and 132(1)(a) of the Local Government Act entitle a person to inspect (without charge) this Policy at the principal business office of the Council during ordinary business hours.

Under S 49(5) and S 32(1)(b), a person is entitled, on payment of a fee fixed by the Council, to a copy of this Policy.

Section 132(3)(d) requires that the Council should, so far as is reasonably practicable, make this Policy available for inspection on the Internet within a reasonable time after the Policy is available at the principal office of the Council.

9. POLICY REVIEW

This policy will undergo review every three (3) years. Amendments to the Policy will not affect Procurement initiatives that have already involved formal approaches to the Market - i.e., issuing of Request for Tender (RFQ), Tender or equivalent documentation to potential Suppliers.