Procurement Policy

Document Details	
Reference Number:	CR25/7702
Type:	Council Policy
Responsible Directorate:	City Corporate
Lead Reviewer:	Manager Finance
Initial Adopted Date:	Council: 22 August 2017
Last Review Date:	25 February 2025
Next Review Date:	25 February 2029
Version Number:	
Approval:	Approved by Council on 25/02/2025
Legislation:	Local Government Act 1999 (SA) Independent Commissioner Against Corruption Act, 2012 Competition and Consumer Act 2010 (Commonwealth) National Competition Policy (Commonwealth) Trade Practices Act 1974 (Commonwealth) Local Government (Elections) Act, 1999 – Caretaker provision Freedom of Information Act (1991) Work Health and Safety Act 2012 and Regulations 2012 Ombudsman Act, 1972 Industry Advocate Act 2017 Local Government (Financial Management) Regulations 2011 Part 2
Related Documents:	Accounting Policies Caretaker Policy City of Prospect Delegations Register Code of Conduct for Council Employees Code of Conduct for Council Members

CITY OF PROSPECT

	Contract Management Framework Corporate Governance & Internal Control Framework Procurement Protocols Credit Card Policy Prudential Review Policy Risk Management Policy & Framework Environmental Action Plan 2018 – 2022 City of Prospects Community Plan 2023-2027 Work Health and Safety and Return to Work Policy Work Health and Safety – Contractor Management Policy Work Health and Safety – Contractor Management Procedure

1. Purpose:

1.1 This Policy establishes the framework of principles relating to the procurement activities undertaken by the City of Prospect (Council) as required under Section 49 (a1) of the Local Government Act 1999 (Act).

2. Scope:

2.1 This Policy applies to any person whether employee or contracted/engaged who has been authorised to undertake the procurement of goods, works or services for and on behalf of Council (Delegated Officers).

2.2 This Policy does not cover:
- non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and Council employment contracts;
- the disposal of land and other assets owned by Council; or
- the purchase of land by Council.

3. Definitions:

3.1 **Delegated Officer**: refers to any person whether employee or contracted/engaged who has been authorised to undertake the procurement of goods, works or services for and on behalf of Council.

3.2 **Conflict of Interest**: any interest, or actual or perceived potential gain that may conflict with a Delegated Officer's ability to fairly and transparently evaluate, award or reject a tender or quotation response.

3.3 **Contract Manager**: refers to the person appointed to oversee the operational, financial, and compliant delivery of the procured goods, works or services as referenced under Council's Work Health and Safety Contractor Management Policy.

3.4 **Eastern Region Alliance (ERA)**: is a regional association of eastern metropolitan Councils including City of Burnside, City of Campbelltown, City of Norwood Payneham St Peters, City of Prospect, City of Unley and Town of Walkerville who voluntarily work together for the benefit of their respective community and eastern region.

3.5 **Local Supplier**: a supplier or contractor which is beneficially owned by persons who are residents or ratepayers of the Council, or has its principal business within the Council area, or a business that substantially employs persons who are residents or ratepayers.

3.6 **Procurement**: the series of activities that are undertaken when purchasing goods, works or services, based on the primary phases : planning, purchasing and contract management.

3.7 **Single Use:** in relation to a product, means a product designed or intended to be used once or for a limited number of times before being disposed of.

3.8 Total Cumulative Spend/Value: is identified as the estimated value of the total proposed purchase(s), including any agreement options, extensions and renewals (exclusive of GST), and potential cumulative value of the goods or services supplied over a period of time i.e. twelve (12) months against a supplier and contractor.

4. Procurement and Governance Principles:

4.1 Council will have regard to the following principles when undertaking the procurement of goods, works or services.

4.1.1 Environmental Sustainability

Delegated officers shall consider environmental sustainability and the impact of their procurement activity and shall consider:

- Purchase recycled and environmentally preferred products where possible;
- Integrate relevant principles of resource recovery and waste minimisation and consider those products that can be recycled at the end of life where resources allow;
- Provide enhanced protection human health and wellbeing;
- Select energy, fuel and water efficient products by considering star ratings and other consumption measures;
- Purchase goods that minimise lifecycle costs and carbon emissions from manufacture to disposal;
- Reduction of carbon emissions;
- 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 works or services;
- Place a strong emphasis on choosing products incorporating materials recycled through local government kerbside collection streams;
- Do not procure any single use plastics, except where alternatives are currently unavailable.

4.1.2 Value for Money

Delegated Officers shall consider value for money throughout the procurement process to ensure that goods, works or services best meet the end user's needs at the lowest whole of life cost with an acceptable contractual risk.

Value for money considerations shall include, but not limited to:

- fitness for purpose
- management of known or potential risks
- local economic benefit
- environmental sustainability
- whole of life costs
- quality (capability and capacity)
- experience
- utilisation of Panel contracts.

4.1.3 Open and Effective Competition

Delegated Officers shall create effective competition by providing businesses with appropriate access to Council's procurement opportunities.

All potential suppliers and contractors will be treated equally with regard to;

- No supplier will be given preferences, opportunities or allowances that may result in an advantage or disadvantage to one supplier over another.
- Information will be made available at the same time for all suppliers, (excluding commercial in confidence).
- Any Conflicts of Interest will be identified immediately and actively managed.
- Fair and consistent evaluation methodology applied.
- There is reasonable access for all suitable and competitive suppliers and contractors to the Council's business.

4.1.4 **Ethical Behaviour and Fair Treatment**

Delegated Officers will act in the highest ethical professional standard and will not use or disclose information that confers unfair advantage, financial benefit or detriment on a supplier, and will act in accordance with Council's Gifts and Benefits guidelines as per the Employee Code of Conduct.

Ethical behaviour encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency in all discussions and negotiations.

4.1.5 **Probity, Accountability and Transparency**

Delegated Officers will ensure that any procurement process is transparent and that its decisions are justified.

All procurement shall be undertaken in a manner that ensures:

- Clearly established roles and responsibilities.
- Appropriate record keeping and documentation in accordance with State Records Act.
- Integrity through transparency of process and documentation of decisions made.
- Adherence to relevant legislation, policy, and procedure.
- Identification and management of actual or potential conflicts of interest.
- Confidentiality of all commercial information.

Accountability in procurement means being able to explain and demonstrate through evidence what process has happened. An independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

4.1.6 **Risk Management**

The Delegated Officer shall ensure the appropriate risk management practices are applied for identification of risk, assessment and implementation of risk mitigation controls, in line with Council's Risk Management framework. A procurement risk assessment shall be utilized for medium to high value procurement to influence the appropriate process and documentation.

Risk categories may include (but not limited to) financial, work, health and safety, reputational, operational, environmental or legal.

4.1.7 **Work Health and Safety**

The Delegated Office will only engage contractors and suppliers who maintain and can demonstrate the required level of work, health and safety compliance commensurate to the nature of service, level of risk and value they are engaged to undertake.

As a minimum compliance shall include:

- Standards prescribed by the Work Health and Safety Act 2012 and its Regulations;
- City of Prospect's work health and safety policies, procedures and instructions;
- Relevant industry risk management and quality standards and guidelines.

4.1.8 **Social Inclusion Procurement**

Delegated Officer will consider, where applicable, social inclusion within their procurement including:

- Creating employment and training opportunities (particularly among disadvantaged groups such as people with disability or mental illness, migrants) thus providing social inclusion and an opportunity for those to participate in the local community;
- Diversity, inclusion and equality in the supplier market – encouraging a diverse base of suppliers (e.g. minority or under-represented suppliers);
- Ensuring ethical and fair trade practices within supply chain;
- Supporting Indigenous businesses and promoting employment opportunities for Indigenous persons.

4.1.9 **Economic Development and Local Focus**

Delegated Officers shall, where practical, aim to provide opportunities and seek responses from local businesses within the Council and/or ERA region to support local economic development within the City of Prospect.

Council procurement plays an important role in the economic development of South Australia. Promotion of employment, capital investment and support of supply chains in our immediate region and broader state shall be actively favoured when procurement decisions are made by Council.

Where the assessment against the evaluation criteria is comparable, and a sufficient local market exists, consideration may be given to the development of local business and/or industry, measurable economic growth, local employment and/or the opportunity for capital investment.

Council has adopted the SA Government Industry Participation Policy (IPP) and shall apply an economic investment assessment to all procurement >$1m.

5. Delegation

5.1 Only officers with authority delegated by the CEO can approve financial expenditure on behalf of Council.

5.2 A Financial Delegation Register will be maintained and made available via the Councils intranet.

5.3 Segregation of duties is required for the engagement and payment of procurement.

5.4 Delegated Officers will receive procurement training commensurate with the delegation of their role, including when in an acting capacity higher than their standard delegation level.

6. Procurement Methods

6.1 The Delegated Officer will determine the appropriate procurement method based on the Value whether single one-off procurement or Total Cumulative Spend/Value, and level of risk of the procurement. The Delegated Officer will document within the appropriate Acquisition Plan.

6.2 Procurement methods include, but not limited to;

Direct Purchasing

- Direct purchasing is a procurement method undertaken by directly approaching and negotiating with one (1) supplier or contractor.

- Direct purchasing may be utilised where;
  - Value of the procurement is <$20,000 and low risk.
  - Exemption approval has been granted in accordance with Section 7.
  - An Expression of Interest has been undertaken resulting in recommending of a single supplier or contractor.
  - Purchase off an existing Panel Contract or Strategic Alliance arrangement and <$100,000.

Request for Quotations (RFQ)

- RFQ is a procurement method where the Delegated Officer invites quotations from prospective suppliers or contractors.

- RFQ is utilised where the value of the procurement is <$250,000 and low – medium risk.

- Quotations may be:
  - Informal – seeking simple details such as price and capability via email, generally used for simple, one off, low value/risk needs, or
  - Formal – seeking written quotations via an approved template e.g. LGAP RFQ template, utilised where the need is medium value/risk.

Request for Tender (RFT)

- RFT is a formal invitation to potential suppliers or contractors to respond to a structure proposal.

- Utilised where goods, works or services are a value >$250,000 or high risk.

- RFT maybe issued on a "Select" Request for Tender where approval has been provided via an Acquisition Plan, otherwise, an "Open" or "Public" Request for Tender must be issued.

6.3 Procurement shall be undertaken in accordance with Council's Procurement Thresholds outlined in Appendix 1.

6.4 Delegated Officers when determining the appropriate market approach shall also consider non price factors including level of risk, supply market availability and market maturity.

7. Exemption from Policy

7.1 This Policy contains general guidelines to be followed by Delegated Officers in its procurement activities. There may be emergencies, or procurements in which a quotation or tender process will not necessarily deliver best outcome for the Council, and other market approaches may be more appropriate.

7.2 Any exemptions, with the exception of emergency situations, must be formally applied for via or Exemption Form, or Council's Acquisition Plan where a Minor or Major Acquisition is required due to value and risk, clearly detailing the justification.

7.3 Exemptions to use noncompetitive process maybe sought in the following situations:

- Council Resolution, CEO or Director direction;
- There may be significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and property;
- Limited Supply Market (unable to obtain required number of quotes);
- Exceptional knowledge / experience of a supplier;
- Supplier is an exempt supplier as per Procurement Protocol list;
- Council purchases goods at an auction;
- Council purchases second-hand goods;
- Timing constraints;
- Compatibility with existing equipment or involves repairs and maintenance of existing equipment from original supplier;
- Identical product / service was chosen via a competitive procurement process within prior 6 months; or
- Funding arrangements or grants specify other requirements.

7.4 An Exemption from Procurement Policy Register will be maintained summarising each such occurrence and the justification. This will be reported to Council and Executive Leadership Team on a quarterly basis ensuring full visibility and accountability are maintained.

7.5 Exemption from Policy to be reported to the Audit and Risk Committee, as a standing item.

8. Strategic Alliances/Panel Contracts

8.1 Council may undertake procurement via established contract arrangements which are administered via other entities where these arrangements represent value for money to the Council.

These include, but not limited to:

- LGA Procurement
- A purchasing group of which the Council is a member e.g Eastern Region Alliance ERA.
- Some State Government contracts, and
- Ad hoc alliances created with other Local Government entities

If the Council enters into a strategic alliance procurement process then there will be no requirement for the Council to approach the wider market or enter into a separate RFT/RFQ as an open tender process has already been undertaken.

8.2 Council may establish its own Panel Contracts following a compliant competitive process in accordance with Council Procurement Policy.

8.3 Where a panel contract has been established any purchase from alternative suppliers or contractors to those on the panel for that nature of goods, services or works is prohibited unless justification is evidence of their non ability to deliver.

8.4 Purchase off a Council Panel Contract does not require a secondary procurement process where the value of purchase is <$100,000.

9. Contract Management

9.1 Contract management is core to ensuring success of any procurement and contract delivery, and will support effective risk management, compliant service or project delivery and achieving value for money.

9.2 Contract management responsibilities shall include:

- managing delivery of the goods, works or services as defined in the contract
- managing WHS in accordance with the City of Prospect's WHS Contract Management Policy and procedure.
- contract administration including variations, extension and payments
- supplier relationship management

10. Confidentiality

10.1 Council will maintain the confidentiality of information provided by suppliers in any procurement process both during the process and for the period after until documents are destroyed in accordance with statutory requirements.

11. Records

11.1 Council will ensure an appropriate written audit trail of the procurement process, including supporting documentation rationale for procurement activity, decisions throughout the entire life of the procurement.

12. Complaints

12.1 Any complaint received regarding procurement at the City of Prospect will be dealt with in accordance with Council's Grievance Policy.

13. Review

13.1 The Policy will be reviewed once per Council term or as required by legislation.

14. Access to the Policy

14.1 The Policy is available for public inspection on Council's website www.prospect.sa.gov.au and from Customer Services at the Civic Centre, 128 Prospect Road, Prospect SA 5082.

15. Further Information

For further information about this policy please contact:

Director City Corporate
City of Prospect
128 Prospect Road
Prospect SA 5082

Ph 8269 5355
Email admin@prospect.sa.gov.au

Appendix 1

Method of Procurement

Value (GST exclusive)	Risk	Method of Sourcing	Justification/ Planning Process	Engagement Terms & Conditions
0 - $20,000	Low/Medium/High	Direct sourcing	Requisition Form	Purchase Order
$20,001 - $50,000	Low/Medium/High	3 x written quotes (informal)	Requisition Form	Purchase Order*
$50,001 - $100,000	Low/Medium	3 x written quotes (informal)	Requisition Form	Purchase Order*
	High	Formal RFQ template (3 x written quotes min.)	Minor Acquisition Plan	LGAP Contract
$100,001 - $250,000	Low/Medium/High	Formal RFQ template (3 x written quotes min.)	Minor Acquisition Plan	LGAP Contract
>$250,000	Low/Medium/High	Selected or public RFT	Major Acquisition Plan	LGAP Contract

*Appropriate Terms and Conditions to be selected based on risk.