

REGIONAL COUNCIL OF GOYDER

	PROCUREMENT POLICY & PROCEDURE	Department	F&A
		Version No:	4.2
		Adopted:	Nov 2013
		Reviewed:	Nov 2023
		Next Review:	Nov 2024
		Responsibility:	DOF

1. INTRODUCTION

In compliance with Section 49 of the Local Government Act 1999 (Act), Council should refer to this policy (Policy) when procuring goods and services.

Section 49 of the Act requires Council to prepare and adopt policies on contracts and tenders on:

- 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.

Furthermore, Section 49 (a1) of the Act requires Council to develop and maintain policies, practices 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 all operations.

This Policy seeks to:

- define the methods by which Council can procure goods and services;
- demonstrate accountability and responsibility of Council to ratepayers;
- be fair and equitable to all parties involved;
- enable all processes to be monitored and recorded; and
- ensure that the best possible outcome is achieved for the Council.

1.1 However, this Policy does not cover

- the purchase of land (includes community land, vacant land, operational land, road reserves, any legal interest in land, and any other land-related assets, including all buildings (community and operational) on the land); or
- The disposal of land and other assets owned by Council which is dealt with under the Council's *Disposal of Land and Other Assets Policy*; or
- Non-procurement expenditures such as sponsorships, grants, funding arrangements, donations and employment contracts.

2. POLICY OBJECTIVE

2.1 Council aims to achieve advantageous procurement outcomes by:

- 2.1.1 identifying circumstances where the Council will call for tenders for the supply of goods, the provision of services or the carrying out of works;
- 2.1.2 enhancing value for money through fair, competitive, non-discriminatory procurement;
- 2.1.3 promoting the use of resources in an efficient, effective and ethical manner;
- 2.1.4 making decisions with probity, accountability and transparency;
- 2.1.5 advancing and/or working within Council's economic, social and environmental policies;

REGIONAL COUNCIL OF GOYDER PROCUREMENT POLICY & PROCEDURE V4.2

- 2.1.6 providing reasonable opportunity for competitive local businesses to supply to Council;
- 2.1.7 appropriately managing risk; and
- 2.1.8 ensuring compliance with all relevant legislation.

3. PROCUREMENT PRINCIPLES

Council must have regard to the following principles in its acquisition of goods and services:

- Encouragement of open and effective competition
- Obtaining Value for Money

This is not restricted to price alone.

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

- the contribution to Council's long term plan and strategic direction;
- any relevant direct and indirect benefits to Council, both tangible and intangible;
- efficiency and effectiveness of the proposed procurement activity;
- the performance history, and quality, scope of services and support of each prospective supplier;
- fitness for purpose of the proposed goods or service;
- whole of life costs;
- Council's internal administration costs;
- technical compliance issues;
- risk exposure; and
- the value of any associated environmental benefits.

Probity, Ethical Behaviour and Fair Dealing.

Council is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations. Accountability, Transparency and Reporting Ensuring compliance with all relevant legislation.

Encouragement of the development of competitive local business and industry. Where the evaluation criteria are comparable, Council may consider the following:

- the creation of local employment opportunities; increased availability of local servicing support;
- increased convenience with communications with the supplier 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;
- a recommended 10% price differential - up to a maximum of \$5,000 (ex GST) be considered when assessing the procurement of goods and services sourced from a local supplier with its principal place of business in the Council region.

Environmental protection

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 conservation;
- foster the development of products and services which have a low environmental impact;

REGIONAL COUNCIL OF GOYDER PROCUREMENT POLICY & PROCEDURE V4.2

Provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services and Work Health & Safety.

The procurement of all goods and services must be undertaken in accordance with all relevant Council Workplace Health and Safety Policies and procedures.

3.1 Insurance & Indemnities

3.1.1 Contractors shall ensure they have a current minimum \$20m Public Liability Insurance cover; however lessor amounts to \$10m may be negotiated subject to adequate Risk Management evaluation.

3.1.2 Where applicable, Contractors shall ensure they have a current minimum \$5m Professional Indemnity Insurance cover.

3.1.3 Where applicable, Contractors shall ensure they have up to \$20m Products Liability Insurance cover.

4. PROCUREMENT METHODS

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

The Council may, having regard to its Procurement Principles and any other factors considered relevant by the Council, in its absolute discretion determine to utilise one or more of the following procurement methods:

Direct Purchasing

This is where Council purchases from a single source, without first obtaining competing bids.

This method may be suitable for low value, low risk goods and services, and where the supplier already has a successful service history with the Council.

Petty cash or credit cards may be utilised for this procurement method and will adhere to Council's internal control procedure.

Quotations (Informal)

This is where Council obtains quotations from prospective suppliers.

Generally, a minimum of two quotations are sought. Where possible, the Council must insist on written quotes. If a written quote cannot be obtained, the Council must keep detailed written records of the oral quote obtained, including details of the commercial terms of the quote.

This method may be suitable for low value, low risk goods and services.

Request for Quotations (RFQ)

This is where Council obtains written quotations from prospective suppliers. A minimum of three written quotations are sought. This method may be suitable for simple, largely price-based purchases. Noting that a single quotation only will be required for plant and equipment repairs and supply of consumables, where the plant and equipment has been purchased through the procurement process.

Re-issue Ordering (Roadworks and Drainage only)

This is where Council can proceed straight to a direct purchase order for a Roadworks and Drainage Project where the following applies:

REGIONAL COUNCIL OF GOYDER PROCUREMENT POLICY & PROCEDURE V4.2

- the order is for less than \$75,000; and
- the hourly rates are from a previous comparable, competitive Request for Quotations or Request for Tenders Process.

Re-issue Ordering (Building Construction and Maintenance)

This is where Council can proceed straight to a direct purchase order for a Building Construction and Maintenance Project where the following applies:

- the order is for less than \$25,000; and
- the hourly rates are from a previous comparable, competitive Request for Quotations or Request for Tenders Process.

Requests for Expressions of Interest (REOI)

This is where Council issues an open invitation for a 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 would like to be able to prepare a short list of suppliers to then invite to participate in a tender process.

Request for Tenders (RFT)

This is where the 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.

Otherwise, Council may issue an "Open" Request for Tender.

Panel contracts

This is where the 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.

Strategic alliances

This is where the Council undertakes procurement through contract arrangements already established and administered by other organisations, including LGA procurement, a purchasing group of which the Council may be a member; G6 Procurement Group, Procurement Australia and /or State Government Contracts.

5. CONSIDERATIONS FOR COUNCIL

The appropriate method of procurement will be determined by reference to a number of factors, including:

The value of the purchase will be calculated as follows:

- single one-off purchase – the total amount, or estimated amount, of the purchase (excluding GST) i.e. any one off purchase;
- multiple purchases – the gross value, or the estimated gross value, of the purchases (excluding GST) i.e. collective costs for purchases from one supplier; or
- ongoing purchases over a period of time – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST) i.e. collective costs from one supplier over

REGIONAL COUNCIL OF GOYDER PROCUREMENT POLICY & PROCEDURE V4.2

a period of time.

Value of Purchase (\$) ex GST	Possible Method of Procurement
Less than \$5,000	Direct Sourcing - No quotations necessary
Between \$5,000 and \$15,000	Quotations (Informal - Quotations x2min)
Between \$15,000 and \$75,000	RFQ (Request for Quotations Written x3 min)
Between \$75,000 and \$150,000	SRFT (Select Request for Tender)
Between \$5,000 and \$75,000 (Roadworks & Drainage only)	Re-issue Order, Request for Quotation (RFQ) or Panel Arrangement
Over \$150,000	RFT (Request for Tender)
As Required	REOI (Request for Expression of Interest)

- cost of an open market approach versus the value of the acquisition and the potential benefits;
- the particular circumstances of the procurement activity;
- the objectives of the procurement;
- the size of the market and the number of competent suppliers;
- the Council's leverage in the marketplace;
- time constraints;

a single quotation is required for plant and equipment repairs and supply of consumables where the plant and equipment has been purchased through the procurement process.

a global assessment of the risks associated with the relevant activity and /or project, including the risk profile of the procurement and any risks associated with the preferred procurement method.

6. EXEMPTIONS FROM THIS POLICY

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

In certain circumstances, the Council may, after the recommendation from the CEO, waive application of this Policy and pursue a method which will bring the best outcome for the Council. The Council must record its reasons in writing for waiving application of this Policy.

Some examples of when it may be appropriate for the Council to waive application of this Policy are:

- a) emergency situations threatening life and property; or
- b) the supply market is known; or
- c) timing constraints

7. PURCHASE ORDERS AND WORKS ORDERS

7.1 Purchase Orders and Works Orders shall be raised for, and in advance of all purchases of goods and services engaged except for the following purchases :-

- Petty cash purchases and reimbursement of expenses
- Minor grocery & hardware purchases
- Utilities & Services (water/electricity/gas/telephones/internet/fuels)
- Legal and debt collection services

REGIONAL COUNCIL OF GOYDER PROCUREMENT POLICY & PROCEDURE V4.2

- Banking and income collection services
- Auditors fees
- Borrowing costs (principal and interest)
- Recipient created tax invoices
- Subscription, memberships and software licensing
- Postal and courier services
- Insurance premiums and excess payments
- Community lease and rental arrangements
- State and federal government imposed charges, registrations
- Waste disposal – NAWMA, Clare Valley Waste
- Elected member and council committee allowances
- Gas cylinder rentals
- Day Care Centre Robertstown – room hire

7.2 Where a purchase is made in an urgent manner, the Purchase or Works Order shall be raised at the officer's first available opportunity.

7.3 The completion and the processing of Purchase and Works Orders shall be undertaken in accordance with the Purchasing Procedure current at the time of the purchase.

8. DELEGATIONS AND PROCUREMENT PROCEDURES

8.1 The Council makes delegations to the Chief Executive Officer (CEO) under the Act including the power to expend Council's approved budgeted funds.

8.2 This power is sub-delegated by the CEO to other employees in accordance with the schedule published in Council's Delegations and Sub-delegations Register.

8.3 The CEO is authorised to sign Purchase Orders for the purchasing of goods and services on behalf of the Council and to delegate this authority to other employees.

8.4 Any employee with the authority to sign Purchase Orders shall not order any goods or services over their delegated limit, or for which finance is not available or approved.

8.5 Only employees with delegated authority can incur expenditure on behalf of the Council.

8.6 All goods and services outside of the current Annual Budget require Council approval.

8.7 The Council will not be committed to any expenditure unless funds are allocated and approved in the Annual Budget.

8.8 Where provision in the Annual Budget is insufficient to meet the expenditure required, the proposed additional expenditure will be referred to the Council for a decision.

9. PRUDENTIAL REQUIREMENTS

For all Prudential Requirements refer to Council's Prudential Management Policy.

10. PURCHASING AUTHORITY

10.1 Purchasing Authority

REGIONAL COUNCIL OF GOYDER PROCUREMENT POLICY & PROCEDURE V4.2

When undertaking Procurement, employees will have regard to any relevant guidelines and templates that have been endorsed by the CEO and/or the Council to assist with procurement activities as well as the following Purchasing Authority Levels:

Purchasing Authority Level	Authorisation Limit
P01 – Council Budget/Meeting approved	=< \$1,000,000
P02 – Chief Executive Officer	=<\$150,000
P03 – Director	=<\$75,000
P04 – Co-ordinator	=<\$15,000
P05 – Operating - Only	=<\$2,000

10.2 When undertaking Procurement staff shall utilise the Local Government Association of South Australia Procurement Handbook and suite of Standard Form Documents.

10.3 Purchasing Authority P01 – Council Budget/Meeting approved

During the budget setting and approval process items of expenditure in excess of the Chief Executive Officers approval limit of \$150,000 are approved by Council, including:

1. Annual Insurance premiums,
2. Bulk supply of diesel fuel,
3. Capital expenditure on plant and equipment, and
4. Capital expenditure on transport infrastructure.

Items of expenditure greater than the Chief Executive Officers limit of \$150,000 that are approved by Council at either the budget setting process or approved subsequent to the adoption of the budget require the approval of at least two of the following Council Officers prior to the approval of the Purchasing Order in the Synergy Soft System by the Accounts Officer who has Purchasing Officer authority:

1. Chief Executive Officer, and/or
2. Director of Finance, and/or
3. Director of Infrastructure and Technical Services.

10.4 Purchase Order Variance

Purchase Orders at times may be raised for the supply of goods and procurement of services with a pricing estimate. On receipt of a tax invoice, a price variance of 10% from the original raised purchase order is allowed as long as the revised cost of the goods and services is within the procurer's authority level and may be authorised by the procurer. A variance of greater than 10% requires an additional purchase order to be raised.

11. SEEKING LEGAL AND EXPERT ADVICE

Matters may arise from time to time which require employees to seek legal and/or expert advice. An employee is to first seek advice from suitably qualified employees.

If the employee has been unable to resolve the matter internally the employee must obtain approval to engage the services of a legal and/or expert from their Director.

The request must be in email form stating the legal and/or expert to be engaged, the purpose of the engagement and an estimate of the cost involved. This request is to be logged in the synergy soft file 15.3.2.1. The Director is to respond to the request and log the response in synergy soft.

If granted approval to engage the services of a legal/expert for advice the employee is to raise a

REGIONAL COUNCIL OF GOYDER PROCUREMENT POLICY & PROCEDURE V4.2

purchase order which is approved by the Director All emails are to be logged against the purchase order in synergy soft.

The employee is to approve invoice/s and authority for payment is required by the Director.

12. RECORDS

All records should be treated in accordance with Local Government GDS40.

13. AVAILABILITY

The public may inspect a copy of this document, without charge, at the offices of Council during office hours, and may obtain a copy for a fee fixed by Council. This document is also available on the Council website. www.goyder.sa.gov.au

14. REVIEW

This document shall be reviewed by Council within two (2) years (or on significant change to legislation or aspects included in this policy that could affect the health and safety of workers).

15. REVIEW HISTORY

Document History	Version	Issue Date:	Description of changer
	1.0	27/8/13	Original Issue Draft based on LGA Model Policy
	1.1	21/10/13	Reviewed by AC – 20/13
	1.1	19/11/13	Reviewed by Council - 251/13
	2.0	19/7/16	Reviewed by AC - 05/16
	2.0	16/8/16	Reviewed by Council – 182/19
	2.0	15/8/17	Reviewed by AC – NC 06/17
	2.0	17/10/17	Reviewed by Council - 215/17
	3.0	17/9/18	Reviewed by AC – 12/18
	3.1	16/10/19	Reviewed by Council - 187/18
	3.1	19/11/19	Reviewed by AC - 16/19
	3.1	17/12/19	Reviewed by Council - 281/19
	4.0	16/11/21	Reviewed by AC - 12/21
	4.0	14/12/21	Reviewed by Council – 188/21
	4.1	18/10/22	Reviewed by AC – 15/22
	4.1	22/11/22	Reviewed by Council - 230/22
	4.2	21/11/23	Reviewed by AC – 16/23
	4.2	19/12/23	Reviewed by Council 180/23