

# PROCUREMENT POLICY

Issued: July 2021

Review Date: January 2025

Version: 9

Record No: TBC

Skytrust Ref. No: TBC



## 1. INTRODUCTION

This policy has been developed pursuant to the requirements of Section 48 and 49 of the *Local Government Act 1999*. The aim of this policy is to provide clear direction for procurement within Barunga West Council to ensure consistency and control over procurement activities. It also aims to encourage best practice in procurement. Operating Procedures and Guidelines are maintained to support this policy.

## 2. POLICY OBJECTIVE

This policy covers the required conduct for all procurement activities associated with the acquisition of Goods, Works or Services of any value by Barunga West Council. This includes tendering arrangements and the contracting of services and applies to all Barunga West Council staff.

It is the responsibility of all staff engaged in any procurement process and third parties involved in procurement activities on behalf of the Council to comply with the Procurement Policy (except collaborative procurements as defined). This responsibility extends to anyone identifying the Goods, Works, or Services to be acquired, undertaking or participating in procurement activities, or staff receiving or accepting goods on Council's behalf.

This policy does not cover:

- non-procurement expenditure such as sponsorship, grants, funding arrangements, donations and employment contracts.
- the purchase of land by the Barunga West Council.
- the disposal of land and other assets owned by the Barunga West Council (This is covered under the Barunga West Council Disposal of Land and Assets Policy).

## 3. DEFINITIONS

| Key Term – Acronym | Definition  |
|--------------------|---|
| Value for Money    | Best outcome achievable when all costs and benefits, both qualitative and quantitative, over the procurement lifecycle (acquisition, use, maintenance and disposal) are considered. |
| Direct Sourcing    | Where the purchase value warrants the involvement of only one supplier.   |
| Quotation          | Seeking a price and scope of Goods, Works or Services from a supplier to enable comparison.   |
| Selected Tender    | Seeking tenders from a limited number of suppliers on the basis of, e.g. location, previous performance, or the result of an Expression of Interest process.                        |
| Open Tender        | Seeking tenders from the marketplace via an open invitation process, e.g. advertisement.  |
| Strategic Alliance | Seeking tenders/contracts as part of a purchasing group e.g. combined purchasing arrangements with other Councils and/or spheres of government.                                     |

|                              |  |
|------------------------------|--|
| Head Agreement               | Head Agreements are primarily used for the supply of Goods and are contracts in which the Supplier has agreed to a contract price or process, with the principal generally sourcing the Supplies through a local supplier.   |
| Panel Contract               | Multiple contractors have been awarded agreements for providing the same defined scope of works or services. These agreements have no guarantee of work and usually engaged on an individual project basis by issuing a Purchase Order or letter of engagement.  |
| Prequalified Contractor      | Contractors have provided details which are formally assessed against pre-defined criteria. These criteria usually include capability/experience, WHS, Quality and Environmental certification, financial sustainability, work methods, insurances and licences.   |
| Expression of Interest (EOI) | Expression of Interest allows market responses to be assessed to identify potential contractors interested in a project. This approach could potentially reduce to a select tender or be used to short list contractors for future tenders.  |
| Standing Offer               | This is an Agreement where a supplier/s agrees to provide specified goods (which are considered commodities off the shelf (COTS) readily available from multiple suppliers and frequently purchased) at an agreed price fixed for a set period. Standing Offers are a commitment by suppliers to provide product when required (by placing a purchase order) but Council is not committed to any minimum volume. |

**4. PROCUREMENT PRINCIPLES**

***Principle 1 - Council delivers value for money services to the community.***

To ensure the best overall value/result is obtained through applying a strategic and cost-effective approach which may include post factor negotiations and clarifications. This may include taking into account fitness for purpose, whole of life cost, timeliness, flexibility to adapt, quality, sustainability, intangible costs/benefits, service, support and warranty.

***Principle 2 - Compliance with statutory obligations.***

To ensure purchasing activities are conducted in accordance with legislative and common law responsibilities. These include but are not limited the Local Government Act 1999, Competition and Consumer Act 2010, National Competition Policy and other relevant legislation, industrial awards and agreements and international trade agreements.

***Principle 3 - Open and Fair/Effective Competition.***

To ensure open and fair competition is fostered and maintained by providing suppliers and contractors with appropriate access to Council’s procurement opportunities.

***Principle 4 - Professional Integrity and Ethical Conduct.***

Officers engaged in purchasing should at all times undertake their duties in a professional, ethical, honest and impartial manner, act responsibly and exercise sound judgment by observing the highest standards of integrity and professional conduct in line with the Code of Conduct requirements and the Gifts, Benefits & Hospitality Policy.

### ***Principle 5 - Risk Management.***

To ensure that appropriate risk management practices and procedures are in place for purchasing activities including risk identification, assessment, and implementation of controls, in line with the Risk Management Policy.

### ***Principle 6 - Accountability, Transparency and Probity.***

To ensure that responsibilities are clearly defined and that decisions are made in an open and transparent manner. This will include ensuring all appropriate records/documentation is kept of the procurement process.

### ***Principle 7 - Environmental Sustainability.***

To promote and adopt purchasing practices which conserve resources, save energy, minimise waste, protect the environment, and are generally consistent with principles of ecological sustainability, to the greatest extent that is practicable. To promote use of products containing recycled content where applicable in all procurement processes.

### ***Principle 8 - Local Industry Sourcing and Local Employment and Training.***

To the extent permitted by law, Council will give preference to local business when all other commercial considerations are equal (e.g. capability, capacity, and competitiveness).

Council has a commitment to maximising the skills, development and employment opportunities available in the district. Consideration may be given, where practicable and appropriate, to incorporate strategies in the procurement process that support local employment and training, which may include Contractors engaging apprentices, trainees, and cadets in their work practices.

### ***Principle 9 – Social Sustainability.***

Consideration may be given, where it is practicable, to investigating the inclusion of not-for-profit organisations (social enterprises) that benefit the community (engaging the disadvantaged).

## **5. AGREEMENT / CONTRACT TYPES**

Council purchases Goods, Works and Services using various types of Agreements or Contracts. Prior to adopting one of the following methods of procurement, the Contracts Register must first be checked for existing contracts with the same scope, products, or services. Consideration should also be given to utilising any other existing contracts available to Council.

Agreement or Contract Types include:

### ***5.1 Purchase Orders***

Purchase Orders serve three main purposes:

- ensuring expenditure is within a staff member's delegation;
- demonstrating a financial commitment in Council's Finance System to allow accurate tracking of Council's financial obligations at any point in time; and
- establishing a set of Terms and Conditions for purchase of Goods, Works, or Services.

### ***5.2 Single Contracts***

This is a Contract where there is only one Supplier contracted to provide or supply Goods, Works or Services to Council.

### **5.3 Panel Contracts**

This is a Contract where there is more than one Supplier contracted to provide or supply a Goods, Works or Service to Council. This method is used to improve the efficiency of the procurement process and reduce the impact of repetitive bidding both on internal resources and on potential suppliers. Guidance will be provided on how to engage Panel Contractors by procurement staff.

Engagement of the panel suppliers follows the purchase threshold methods.

### **5.4 Standing Offer**

This is an Agreement where a supplier/s agrees to provide specified goods (which are considered commodities off the shelf (COTS) which are readily available from multiple suppliers and frequently purchased), at an agreed price fixed for a set period of time. Standing Offers are a commitment by suppliers to provide agreed products at the fixed price on receipt of a Barunga West Council Purchase Order. Standing offers do not commit council to any minimum volume.

### **5.5 Prequalified Contractors**

This is a where a tender process has been undertaken, to prequalify preliminaries of a contractor for a specific scope. This will eliminate the need for lengthy or repetitive tender process.

### **5.6 Head Agreements**

This agreement type refers to a Contract where a Supplier is contracted to provide Supplies, but the item is then sourced from a local retailer. Generally, this contract operates by sourcing quotes, after the formal tender process has resulted in a formal contract.

### **5.7 Collaborative Purchasing Contracts**

This is where Council is a part of a collective group where a contract has been put in place that Council may access:

- **LGA Procurement**  
LGA Procurement (LGAP) is a commercial entity owned by the Local Government Association of South Australia (LGA of SA) and is designed to support Councils to deliver best value for their communities by identifying, developing and delivering value-added products and generating economies of scale through bulk purchasing, contract administration and e - commerce. There are various methods for engaging contractors under LGAP Contracts.
- **Procurement Australia**  
Procurement Australia operates across Australia, generating economies of scale through bulk purchasing. There are various methods for engaging contractors under Procurement Australia Contracts.
- **Australian State or Federal Government**  
There are some instances where Council may access contracts available through State and Federal Government.

**6. METHODS OF PROCUREMENT**

The appropriate method of purchase is determined by the level of expenditure and the most appropriate purchase approach. The determining factors are detailed in this section.

***Determining the Appropriate Method of Procurement***

Council will generally purchase Goods, Works and Services through the following methods:

- Accessing Existing Agreements / Contracts
- Direct sourcing
- Quotations
- Tender
- Strategic Alliances / Collaborative Purchasing; and/or
- Emergency Purchases.

**A. Purchase Method**

The below table provides the minimum requirements based on purchase value. Individual circumstances must be considered.

| <b>Value of Purchase</b> | <b>Process</b>                         |
|--------------------------|--|
| Less than \$1,000        | Direct sourcing                        |
| \$1,001 - \$30,000       | Seek a Minimum of 1 written Quotation  |
| \$30,001 - \$125,000     | Seek a Minimum of 2 written Quotations |
| Greater than \$125,000   | Open Tender or Prequalified Contractor |

For the purpose of this policy, the expenditure level of the value of purchase will be for:

- Single one off purchase shall be the total amount or estimated amount of the purchase (excluding GST); or
- Multiple or ongoing purchases shall be the gross value of, or the estimated gross value of all items to be purchased (excluding GST) for the period of the agreement / contract term (including extension options).

*Note: Splitting of amounts to bring expenditure within lower limits is not permitted.*

**B. Purchase Approach**

Consideration will also be given to the purchase approach to ensure Council is achieving value for money, these will include:

- 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 objectives of the procurement.
- The size of the market and the number of competent suppliers.
- Barunga West Council’s leverage in the marketplace.
- Time constraints.
- An 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.

**C. Use of Purchase Orders**

Purchase Orders must be created prior to the purchase being made. Purchase Orders are required for purchases, except as follows:

- Purchases of a value less than \$200 (excluding GST).
- Purchases made using Corporate Credit Cards (refer to Credit Cards Policy).
- Purchases made for nominated Goods, Works or Services listed in Schedule 1; or
- Purchases relating to an entity which is a wholly or partially owned subsidiary of Council.

Existing contracts, including collaborative purchasing, require a purchase order to be created quoting the contract number (allowing contract spend to be captured) for any Capital Works projects.

**a) Direct Sourcing**

The Direct Sourcing approach may be used where the value of the purchase is less than \$1,000 and can be sourced directly from one supplier. This transaction may be completed with Credit Card (in accordance with Credit Cards Policy), or by requesting an invoice direct from the supplier.

Where obtaining an invoice is not feasible, reimbursement of funds either through petty cash or payroll / creditors is to be used as a last resort option for minimal work-related transactions. A receipt must be provided as documentation for reimbursement to Employees upon approval from relevant management personnel

The receipt submitted for reimbursement must include:

- Date of the transaction.
- Vendor or payee information.
- Description of the goods or services purchased.
- Amount paid.

Any attempt to misuse petty cash funds will be subject to appropriate disciplinary action.

Periodic reconciliation of petty cash transactions will be conducted to ensure accuracy and accountability.

**b) Quotations**

The need to seek quotations must be determined in accordance with section C.

Quotations should generally be sought for one off purchases only. If multiple purchases are required from the same supplier, then the use of a Contract should be considered (Panel or Standing Offer).

Quotations should be received in writing, and once received, must be recorded in Council's Records Management System.

If the level of expenditure exceeds \$15,000 or has high risk factors in the purchase, then the following should be considered:

- Use of a formal contract in lieu of Purchase Order especially where terms and conditions are required beyond the normal terms attached to Purchase Orders.
- Where the quotation is within the staff member's financial delegation, it is best practice to have the staff member's supervisor approve the purchase method; and
- The use of evaluation documentation nominating evaluation criteria recorded on a weighted

matrix to rank the suppliers in order of preference.

### c) ***Tenders***

The need for selected or open tenders will be determined in accordance with section C.

When it is considered that a tender is an appropriate method of purchase the following shall apply:

- Tenders will be evaluated by an evaluation panel against the Evaluation Criteria stated in the tender documents.
- All tenderers will be advised of the results including the identity of the successful tenderer; and
- All unsuccessful tenderers will be offered a verbal debrief.

Alternatively, it may be appropriate to test the market place by using an Expression of Interest (EOI). This EOI approach may be used either by seeking market interest in a project or to prequalify for a select tender. If used to prequalify then EOI responses must be evaluated against pre-determined criteria.

Consultants and others may address the market place on Council's behalf, provided that they have written approval and comply with Council's policies and requirements.

#### **I. Selected Tender (\$50,001 – \$100,000)**

Where a selected tender method is used, the following information must also be recorded:

- The identity of the selected tenderers; and
- Justification as to why the tenderers have been selected.

#### **II. Open Tenders (>\$100,000)**

The preferred method of advertising tenders will be through the use of the State Government's Contracts & Tenders web site.

Tenders may result in the appointment of a single supplier or a panel/standing offer of contractors for the nominated Goods, Works or Service.

### d) ***Strategic Alliances / Collaborative Purchasing***

While there may be a number of pre-existing collaborative purchasing contracts accessible to Council, Council may also choose to participate in a collaborative procurement (most likely a tender) process. The purpose of participating in collaborative purchasing arrangements is to:

- reduce direct and indirect purchasing costs;
- provide tangible benefits through joint purchasing;
- improve delivery and/or quality of services to residents;
- represent best procurement practice; and/or
- attract more competition or more innovative responses or a more suitable field of providers to respond to the tender call.

### e) ***Emergency Purchases***

Purchases can be made without the need to initially follow policy in emergency situations. The provisions of this section must not be used as an excuse for not following policy. For the purpose of this section emergency situations are restricted to:



### Community

- Genuine concerns for public safety; and/or
- Activation of the Emergency Response Plan.

### Council Assets

- Ensuring that residents or occupants of Council-owned buildings are not subject to undue discomfort or hardship due to breakdown of building facilities or equipment.
- Security of Council's assets; and/or
- Activation of the Business Continuity and Crisis Management Plan.

Determination of whether these situations apply will be at the discretion of the relevant Team Leader or Manager on a case by case basis.

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

- Expenditure must be within delegated financial authority.
- Expenditure should be limited to that required to alleviate the emergency situation only; and
- Officers must ensure that appropriate methods of purchase, as stipulated within this Procurement Policy, are resumed as soon as practicable (e.g. purchase order generated, quotations sought for remainder of the Goods, Works or Services other than that required for the emergency response).

### **f) Work Health and Safety**

The Barunga West Council will only engage suppliers who are able to maintain a level of Work Health and Safety acceptable to the Barunga West Council. As a minimum, this will be compliance to the *Work Health and Safety Act 2012*, all associated regulations and all requirements relating to contractors in Council's relevant Work Health and Safety policies, and as specified in terms and conditions of contractual arrangements.

### **g) Public Consultation**

Where a purchase requires public consultation, then such consultation must be in accordance with Council's Public Consultation Policy.

### **h) Confidentiality**

All information provided between Contractor and the Principal shall be treated as confidential only to the extent provided by the Law, including *Freedom of Information Act 1991* (FOI) provisions.

### **i) Caretaker Policy**

This policy is subject to the provisions of Section 91A of the *Local Government (Elections) Act 1999* which requires Council to prepare and adopt a Caretaker Policy governing the conduct of the Council and its staff during the election period for a general election.

### **j) Complaints Management**



Any complaints arising from the undertaking of activities during the procurement process will be dealt within line with the Barunga West Council's Customer Experience Policy.

**k) *Probity Advisor – Consideration is to be given to engage a Probity Advisor on High Value, High Risk and sensitive procurements***

Where a Funding Agreement specifies that Council must follow a prescribed tendering process which differs from the process outlined in this Procurement Policy, the project funded under that Agreement is exempted from the Policy.

In certain circumstances, the Chief Executive Officer may waive application of this Policy and pursue a method which will bring the best outcome for the Council.

The Barunga West Council must record its reasons in writing for waiving application of this Policy.

## 7. RECORDS

Council will document the reasons for entering into specific procurement methods or contracts other than those resulting from a competitive quoting, tender process or purchases less than \$1000.

The Council must maintain records of procurement activities in accordance with *the State Records Act 1997* and Council's Records Management Policies and Procedures.

## 8. EXEMPTIONS FROM THIS POLICY

This Policy contains general guidelines to be followed by the Council in its procurement activities. There may be emergencies, or purchases where the defined methods of procurement will not necessarily deliver best outcome for the Council, and other market approaches may be more appropriate.

In certain circumstances, the Barunga West Council, may, after approval from delegated authority or Council, waive application of this Policy and pursue a method which will bring the best outcome for the Council.

Except as provided for in the procurement guidelines document, exemptions to the requirements of this policy must be submitted in writing using the application form provided at Attachment 1 to this policy, and approved by the Chief Executive Officer (CEO) or relevant General Manager.

[Note: Only the CEO can approve exemptions for Method of Procurement involving expenditure exceeding \$50,000.]

Applications for exemption from this policy must clearly document the reason why they believe the award of a contract through a single tender route without any competitive process is considered lawful and appropriate.

Where a Funding Agreement specifies that Council must follow a prescribed tendering process which differs from the process outlined in this Procurement Policy, the project funded under that Agreement is exempted from the Policy.

### 9. DELEGATIONS

Prior to the commencement of any purchase or tender process the department or business unit must have an approved and allocated budget to spend, or appropriate and committed funding available through another source (e.g. grant funding).

Signing of Contracts and authorisation of payments should be accurate, correct and in accordance with appropriate delegated financial authority (refer to Delegations Register).

Contract Variations / Extensions require applicable documentation to be completed and approved by the delegated authority for total contract value (initial contract value plus any variations).

Any proposal to purchase by outsourcing of any service or function currently performed predominantly 'in house' by Council staff, must be approved by the Council.

### 10. PRUDENTIAL REQUIREMENTS

In some circumstances a procurement process may require additional due diligence in accordance with the Local Government Act 1999 prudential requirements. If this occurs the process will be subject to the Barunga West Council Prudential Review Policy.

### 11. APPLICABLE LEGISLATION

Disposal of Council Land and other Assets Policy  
Internal Financial Controls Policy  
Information Management Policy  
Safe Environments Policy  
Caretaker Policy  
Public Consultation Policy  
Fraud and Corruption Prevention Policy  
Complaints Handling Policy  
Financial Delegations List Prudential Management Policy  
Risk Management Policy  
Asset Accounting Policy  
Contract Management Policy  
Employees Code of Conduct  
Elected Members Code of Conduct  
Prudential Review Policy

### 12. POLICY RESPONSIBILITY

The Manager, Corporate Services is responsible for ensuring the proper operation of this policy.



**13. FURTHER INFORMATION**

- 13.1 This Policy will be kept on the Council’s website for the public to view.
- 13.2 This Procurement Policy shall be reviewed at a minimum within every three (3) years of issued dated or on significant change to legislation or aspects included in this policy that could affect organisational and risk management practices.
- 13.3 This Policy should be read in conjunction with the Procurement Procedures.
- 13.4 Council may revise or review this Policy at any time (but not so as to affect any process that has already commenced).

**14. APPROVAL AND REVIEW**

This Policy will be reviewed annually by the Barunga West Council.

|                           |   |
|---------------------------|---|
| Responsible Work Area     | Chief Executive Officer   |
| Responsible Officer       | Manager Corporate Services  |
| Date of next review       | January 2025  |
| Skytrust Reference        |   |
| Records Reference         |   |
| Date/s Adopted by Council | 08/2011_v1<br>06/2014_v2<br>12/2015_v3 - Added reference to Motor Vehicle Policy and Disposal of Assets Policy.<br>06/2016_v4<br>12/2017_v5<br>10/2019_v6 - Review upon recommendation of Audit Committee. Change of document logo, formatting and content. Update of, Objectives, Principles Inclusion of Synergy Soft Platform, reference to financial and risk policies. Exclusion of Definitions.<br>05/2020_v7<br>07/2021_v8 - New document looking at best practice policies.<br>01/2024_v9 - New Policy Exemption clause and Form. |

### **Schedule 1 – Nominated Goods / Works / Services which are exempt from requiring a Quotation and using a Purchase Order for Payment**

*Please note that the items on this schedule may change from time to time based on Council's operational requirements. This information is provided as supplementary information to the Procurement Policy only and does not require endorsement by Council or its Committees as it is amended.*

When paying by invoice only and a contract exists the contract number must be quoted in the notes section of the workflow (allowing contract spend to be captured).

Purchases for the following Goods, Services, Fees or Charges:

- vehicle registrations
- refunds or reimbursements of expenses
- banking services
- Government charges
- courier services
- insurance payments
- lease & rental payments
- media monitoring
- publishing charges
- postal services
- subscriptions
- software license renewals and maintenance payments (where agreement exists)
- Software license renewals for imbedded software (existing)
- taxi fares
- travel and accommodation
- utilities (e.g. SA Water, Telstra, AGL, Origin Energy)
- food and beverages
- licence and membership fees, and temporary labour hire and traineeship charges
- payment of State Government Affordable Housing funding
- Site investigation and minor repairs of electrical works
- Employee Assistance Program Costs
- All pre - approved Staff and Council Member training (including catering and venue hire where applicable)
- Specific payments endorsed through Council; i.e. Grant funding
- Psychometric Testing
- Labour Hire (other than contracted)
- Dial Before You Dig Services
- Emergency purchases (as defined in the Policy)
- Legal Services

# Exempt from Procurement Policy Application Form



This form is to be used in conjunction with the Barunga West Council Procurement Policy, and is required to be submitted when procedures are unable / not undertaken in accordance with the Policy. Exemption approval is to be obtained by the CEO, documenting the reasons for the required exemption as detailed in the Procurement Policy and retained in Council's Records Management system.

**Date:** \_\_\_\_\_

**Requestor Name:** \_\_\_\_\_

**Position:** \_\_\_\_\_

**Department:** \_\_\_\_\_

**Email:** \_\_\_\_\_

**Contact No:** \_\_\_\_\_

**Project title:** \_\_\_\_\_

Proposed contract/supplier to be award i.e. what is the purpose of the supplier what will be delivered under the agreement:

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Proposed contract/supplier value (ex GST): \$\_\_\_\_\_

# Exempt from Procurement Policy Application Form



Please explain in a clear and comprehensive manner why an exemption from the procurement policy without any competitive process is considered lawful and appropriate:

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Please detail the selection procurement methods applied to identify the preferred supplier:

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### DECLARATION

I have not attempted to distort any competition and acknowledge that deliberate avoidance of competition and transparency is a disciplinary offence.

Exemption Authorised by: Maree Wauchope

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Chief Executive Officer