

# Procurement Policy

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Responsible Officer:	General Manager Corporate and Development
Relevant Legislation:	Local Government Act 1999 Independent Commissioner Against Corruption Act 2012 Competition and Consumer Act 2010 (Commonwealth) National Competition Policy (Commonwealth) Competition Policy Reform (South Australia) Act 1996 Caretaker provision Freedom of Information Act 1991 Ombudsman Act 1972 Construction Industry Training Fund Act 1993
Related Policies:	Caretaker Code of Conduct for Council Employees Code of Conduct for Council Members Corporate Credit Card Fraud, Corruption, Misconduct and Maladministration Prevention Risk Management Financial Delegation Internal Financial Control Framework Prudential Project Management Complaint Handling Unsolicited Proposal Treatment Policy
Note:	Policy previously called <ul style="list-style-type: none"> <li>• Contracts and Tender Policy (May 2013)</li> <li>• Procurement (Contracts, Tenders and OHSW) Policy (F1725, 31 August 2009)</li> <li>• Procurement Policy (October 2015)</li> <li>• Procurement Governance Framework (June 2016)</li> </ul>

## 1 Introduction

- 1.1 This Policy forms the framework for how procurement activities are undertaken at the City of Burnside. Council is committed to achieving the best outcome and providing best value to the community whilst ensuring fairness, transparency and accountability.
- 1.2 This Policy applies to:
- 1.2.1 All employees procuring or involved in activities that result in the procurement of goods, works and services. Whilst the primary focus for the provisions in this Policy document are directed to the conduct of

Council's employees, parts of it apply to Elected Members in relation to provisions of the Independent Commissioner Against Corruption Act, 2012.

- 1.2.2 The community and business operators who have a valid interest in the approach adopted by the Council in purchasing goods and services and entering contracts.

## 2 Strategic Plan Desired Outcomes

*Principles:* 1. Service Sustainability

4. Governing with Integrity

*Themes:* Spans across all Strategic Plan Themes

*Goals:* Spans across all Strategic Plan Goals

*Priorities:* Spans across all Strategic Plan Priorities

## 3 Our Approach

3.1 Regularly review, update and adopt leading strategic financial, governance and risk management processes.

3.2 Provide sufficient resources to meet current and future needs of the community.

## 4 Legislative Requirements and Corporate Policy Context

4.1 This Framework has been developed primarily to adhere to Section 49 of the Local Government Act 1999, '*Contracts and tenders policies*'

4.2 Council members and employees should also be aware of specific provisions in the Independent Commissioner Against Corruption Act 2012 (ICAC Act). Specifically Section 5 of the ICAC Act defines acts of corruption, misconduct and maladministration in public office.

## 5 Interpretation

Council adopts the following definitions for this policy.

5.1.1 "Acquisition Plan" means a document that outlines the desired outcomes, procurement methodology and strategy to be undertaken in procuring the required works, goods or services.

5.1.2 "Circular Procurement" involves purchasing items that include recycled materials to reduce demand for raw materials and support markets for recycled materials.

5.1.3 "Conflict of Interest" includes known material conflicts of interests as well as perceived conflicts of interests.

5.1.4 "Confidentiality" refers to treating all commercial in confidence information and documentation confidentially in line with section 90 provisions of the Act.

5.1.5 "Delegated Authorising Officer" the person who has the authority to approve expenditure as per the Financial Delegation Policy.

5.1.6 "Direct Sourcing" means a procurement process undertaken by directly approaching and negotiating with one or more suppliers.

- 5.1.7 “Employee” means a person employed by, or contracted to fulfil agreed tasks for, the City of Burnside.
- 5.1.8 “Expression of Interest” means a process whereby suppliers are invited to express/register their interest in providing particular goods, works or services and the responses evaluated to develop a shortlist for future market approaches or negotiations, using a more detailed specification.
- 5.1.9 “Header Agreement – overarching panel or strategic alliance agreement
- 5.1.10 “Letter of Award” – an engagement letter linking back to the Header Contract for a panel/strategic alliance
- 5.1.11 “Open Tender” means a tender is advertised to the entire market via an open invitation process e.g. SA Tenders website accompanied by an advertisement.
- 5.1.12 “Panel Contract” means a contractual arrangement established with suppliers for the anticipated provision of goods, works or services, as and when required over a specified period of time (e.g. Vendor Panel).
- 5.1.13 “Probity” is a risk management approach to ensure that selection and decision-making processes will be found to be honest, fair, transparent and defensible if scrutinised.
- 5.1.14 “Project Manager” means the Council officer responsible for initiating and overseeing the procurement of goods, works or services for the purposes of achieving a desired outcome, in consultation with Procurement where required.
- 5.1.15 “Purchase Order” means an official document used to authorise and record the purchase of goods, works or services and advises the supplier of Council’s standard terms and conditions for the purchase.
- 5.1.16 “Quotation” means a formal request to obtain offers from one or more suppliers. This is generally used for low value purchases and therefore is not advertised publicly.
- 5.1.17 “Request for Estimate” (RFE) is a means for the Council seeking indicative costs from the market without making a firm commitment to engage the supplier in the contract.
- 5.1.18 “Request for Information” (RFI) means an informal means of researching the particular good or service and the possible solutions or approaches available in the market. RFI’s can be used for everything else excluding an indicative cost estimate. As such, informal market research and the gathering of intelligence through an RFI do not require any formal procurement approvals to be sought.
- 5.1.19 “Request for Tender” (RFT) means an invitation to tender based on clearly defined and specific statement of requirements.
- 5.1.20 “Request for Quotes” (RFQ) means an invitation for quotations based on clearly defined and specific statement of requirements.
- 5.1.21 “Select Tender” or “Selective Tender” means the selection of suppliers that will be invited to tender. Selection may be from a multi-use list, a list of potential suppliers that have previously responded to an Expression of Interest (EOI), selected from a Panel (internal or Strategic Alliance) or a list of potential suppliers that have been granted a specific licence or comply with a legal requirement.

- 5.1.22 “Strategic Alliances” is seeking tenders and establishing contracts as part of a purchasing group, aggregating demand to leverage economies of scale in order to make an offering more commercially viable for Council, or accessing contracts already established in other spheres of government.
- 5.1.23 “Whole of life cost” is the total net cost incurred when acquiring goods or services and is made up of all initial procurement costs, capital, operating and maintenance costs, disposal costs and termination costs, less the residual value and sale proceeds (if relevant).

## 6 Policy Objectives/Scope/Actions

### 6.1 Procurement Governance Principles

The following governance principles underpin all procurement activities for all Council representatives:

- 6.1.1 **Value for Money** achieves the best outcome for the most appropriate price. This includes taking into account fit for purpose procurement, whole of life cost, timeliness of expected completion and flexibility to adapt to the needs of the requirement encompassing quality, sustainability, intangible costs and benefits, service, support and warranty.
- 6.1.2 **Transparent and Fair Competition** is ensured by providing equitable and appropriate access to Council’s procurement activities. Council recognises the commercial and economic benefits of open and effective competition. Council will encourage healthy competition in the markets from which it purchases.
- 6.1.3 **Ethical Behaviour and Probity** are essential in ensuring the highest professional standards are upheld in confidential business dealings conducted by both Council members and employees in relation to procurement activities. Council members and employees have a responsibility to act with integrity and impartiality and behave with fairness, independence, and professionalism to ensure probity within procurement processes. Council members and employees will observe Council’s Code of Conduct for Members and Employees, Staff and Associates respectively, throughout any involvement within procurement processes.
- 6.1.4 **Risk Management** ensures that appropriate risk management practices are in place for procurement activities including risk identification, assessment, and implementation of risk mitigation controls.
- 6.1.5 **Financial Responsibility** ensures that Council employees procure goods, works or services where there is an approved and allocated budget for that purchase, and where a Council employee with the appropriately delegated financial authority approves the purchase.
- 6.1.6 **Compliance with Statutory Obligations** refers to the obligation to comply with all legal and common law obligations.
- 6.1.7 **Local Economy**: refers to supporting local economic opportunities. Where all other considerations are equal, Council may prefer to engage a local contractor or supplier to promote local employment and economic opportunities.

- 6.1.8 **Social Sustainability:** refers to procurement practices that support the generation of social value beyond the goods or services being purchased. Where reasonably practicable, Council will:
- 6.1.8.1 Support businesses and organisations with policies and practices that ensure social inclusion;
  - 6.1.8.2 Support businesses and organisations that provide opportunities for people who are vulnerable or disadvantaged;
  - 6.1.8.3 Support the Local Economy;
  - 6.1.8.4 Advocate for the development of products and services which generate social value; and
  - 6.1.8.5 Provide leadership to business, industry and the community in promoting the use of goods and services which generate social value.

- 6.1.9 **Environmental Sustainability** refers to Council's commitment to resource conservation and healthy habitats. Where reasonably practicable, Council will:

- 6.1.9.1 Adopt purchasing practices which minimise waste and pollution and conserve natural resources;
- 6.1.9.2 Purchase products with recycled content, with weighting assigned to Circular Procurement in performance assessments of products that can include recycled content;
- 6.1.9.3 Support businesses and organisations with policies and practices that ensure environmental protection and conservation of resources;
- 6.1.9.4 Advocate for the development of products and services which have a low environmental impact; and
- 6.1.9.5 Provide leadership to business, industry and the community in promoting the use of environmentally appropriate goods and services.

Products that meet these criteria may be described as 'environmentally responsible'. The flow-on impacts of purchasing environmentally responsible products extend beyond environmental benefits into financial and social benefits. For example, purchasing products with recycled content helps to generate a market for these items which, in turn, increases the revenue that helps fund Council's kerbside recycling scheme and creates jobs in the recycling industry.

- 6.1.10 **Indigenous enterprises:** refers to supporting businesses developed by Indigenous Australians to stimulate Indigenous entrepreneurship, business and economic opportunities. Where all other considerations are equal, Council may prefer to engage an Indigenous enterprise.

## 6.2 Procurement Lifecycle Elements

- 6.2.1 Each procurement of goods, works or services involves common elements at each stage of the procurement lifecycle, prior to engaging or executing a contract.
- 6.2.2 These elements are crucial to ensure a balance of the governance principles outlined above. At a high level the elements are highlighted

to achieve those principles throughout every stage of the procurement process:

- 6.2.2.1 Planning the desired outcome (including budget approval);
- 6.2.2.2 Approaching the market;
- 6.2.2.3 Evaluating market responses;
- 6.2.2.4 Contract Negotiation
- 6.2.2.5 Recommending successful responder;
- 6.2.2.6 Contract Execution;
- 6.2.2.7 Contract Performance Management; and
- 6.2.2.8 Contract Close Out.

### 6.3 Procurement Thresholds and Methods

- 6.3.1 The initiation of any procurement process must be approved by the delegated authorising officer. These activities must comply with the Financial Delegations Policy and the Prudential Project Management Policy (if applicable).
- 6.3.2 The determination of the procurement method will be undertaken in strict accordance with **the Procurement Thresholds Matrix Appendix 1**, subordinate to this Policy.
- 6.3.3 Each value tier and its corresponding procurement method represent the minimum procurement activity that must be undertaken in order for Council to engage with suppliers.
- 6.3.4 All values stated are excluding GST.
- 6.3.5 Splitting of amounts to bring expenditure within lower limits is not permitted.
- 6.3.6 If majority of quotes from market exceed the threshold, the requirements of the relevant threshold apply. I.e. If the majority of quotes sought for a project between \$30,000- \$50,000 are provided over \$50,000 then the Select Tender process will need to be applied in all respects (except getting quotes from the market)
- 6.3.7 For all projects involving Information Technology Integration, the relevant Project Manager is required to seek approval from the Group Manager, People and Innovation prior to undertaking the Procurement process.
- 6.3.8 **Panel Contracts - Prequalification of Suppliers (Vendor Panel)**
  - 6.3.8.1 Pre-qualified panel contracts may be appropriate where there is sufficient demand and supply of goods, works and services and there is a commercial advantage in Council having a choice of supplier.
  - 6.3.8.2 Where possible, Council will establish contracts by conducting a pre-qualification process for contractors. Each of these prequalification processes will be conducted in accordance with the appropriate Request for Tender process.
  - 6.3.8.3 Participation in this process will allow contractors to become a Preferred Supplier for particular types of goods, works and services.

### 6.3.9 Strategic Alliances

6.3.9.1 Strategic Alliances may be appropriate where Council can increase its purchasing power by partnering with another Council, representative body or supplier. Strategic alliances allow the Council to negotiate lower costs for standard goods and services.

6.3.9.2 Council currently leverages alliances with entities such as LGA Procurement (LGAP), Procurement Australia (PA), Eastern Region Alliance (ERA) , , Vendor Panel (VP) Australia, along with other local, state and federal government entities. Types of alliances may include:

6.3.9.2.1 **Panel / Strategic Alliance Panel arrangement:**  
Process to be followed has been detailed in 6.3.9 above.

6.3.9.2.2. **Preferred Supplier award by Strategic Partner:**  
This would be where the strategic partner (E.g., LGAP) has gone through an RFT process and selected 'one' supplier. In this instance, the responsible Project Manager would raise an Acquisition Plan and Dispensation.

## 6.4 Contract Execution

6.4.1 Council may select from the following methods of executing a Contract and these may be executed through the use of electronic signatures:

6.4.1.1 Purchase Order;

6.4.1.2 L Letter of Award;

6.4.1.3 Conditions of Contract;

6.4.1.4 Panel Header Agreement; or

6.4.1.5 Memorandum of Understanding.

## 6.5 Contract Variations

6.5.1 A variation to a contract may be proposed by either party to the contract and may refer to adding, removing or amending an existing contract provision and may include a change to the scope and/or value of the contract.

6.5.2 Any contract variations should be approved by the delegated authority and managed in line with Procurement (Contract Management) Protocol.

6.5.3 Splitting of variations to bring expenditure within lower limits of delegated authority is strictly prohibited.

## 6.6 Purchase Order Governance

6.6.1 Purchase Orders should be raised for the purchase of goods, works or services **prior** to the purchase being made. However, there may be instances where purchases are exempt from a Purchase Order. Reference should be made to the Procurement (Planning & Evaluation) Protocol for a listing of such exemptions.

6.6.2 Single one-off purchases shall be the total or estimated amount of the purchase (excluding GST).

- 6.6.3 If it is discovered a supplier's executed contracted amount or agreed payment milestones (excluding GST) have been disaggregated to reduce invoice amounts, this shall be reported to the Group Manager Finance and Governance for further investigation and disciplinary action if required.

## **6.7 Dispensations from Policy**

- 6.7.1 In certain circumstances and emergencies, Council may waive application of this Policy and/or the Procurement Protocols 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 in accordance with the Procurement Dispensation Form.
- 6.7.2 A capital project over \$1M may vary in approach to Procurement processes (for example, variations management) if the deviation from Council Policy is identified at the beginning of a project to be managed through an approved Steering Committee and approved Delegated Authority.
- 6.7.3 A dispensation is not required in cases where Council is part of a Strategic Alliance and the relevant panel has a lower number of suppliers than required for the procurement per Appendix 1. For example, if the procurement is for a cumulative amount of \$70k and the Strategic Alliance Panel only has two suppliers, Council will not need to seek a third quote, the rationale being that the strategic alliances are expected to provide the best value for money.
- 6.7.4 An approach to market is not required if additions or modifications are being made to the existing Enterprise Resource Planning (ERP) platforms.
- 6.7.5 Any procurement dispensations are required to be approved by the relevant delegated authority and the Chief Executive Officer (CEO).
- 6.7.6 Any dispensation over \$100,000 is to be included in the CEO monthly report to Council.

## **6.8 Outsourcing**

- 6.8.1 Any proposal to purchase by outsourcing any service or function currently performed predominantly by an employee, or group of employees, must be approved by the Chief Executive Officer.

## **6.9 Complaints**

- 6.9.1 Complaints about any procurement process shall be subject to Council's Complaint Handling Policy and any accompanying procedures.

## **6.10 Work, Health and Safety**

- 6.10.1 The City of Burnside will only engage contractors and suppliers who are able to maintain an appropriate level of health and safety acceptable to Council for the contract they are engaged to complete.
- 6.10.2 As a minimum, this will entail compliance with all applicable legislation, regulations, project requirements, standards, and Council policies, and as specified in terms and conditions of contractual arrangements.



## **7 Review and Authority**

- 7.1 Without changing the intent, only the CEO may waive or vary the requirements of this policy as needed to meet operational requirements; any deviations in this regard will be provided through the CEO's monthly report to Council.

## **8 Availability**

- 8.1 The Policy is available to be downloaded, free of charge, from Council's website [www.burnside.sa.gov.au](http://www.burnside.sa.gov.au)
- 8.2 The Policy will be available for inspection without charge at the Civic Centre during ordinary business hours and a copy may be purchased at a fee as set annually by Council.
- 8.2.1 City of Burnside Civic Centre; 401 Greenhill Road, Tasmore SA 5065  
Telephone; 8366 4200; Email; [burnside@burnside.sa.gov.au](mailto:burnside@burnside.sa.gov.au) Office hours: Monday to Friday, 8.30am to 5.00pm (except public holidays)

## **9. Further information**

- 9.1 For further information about this Policy please contact:

City of Burnside Civic Centre; 401 Greenhill Road, Tasmore SA 5065  
Telephone; 8366 4200; Email; [burnside@burnside.sa.gov.au](mailto:burnside@burnside.sa.gov.au)

## Appendix 1- Procurement Thresholds Matrix

Functional Input Requirement	Cumulative Value*	Method	Agreement	Documentation Requiring Completion	Delegated Approval Levels	Other Considerations
<b>PROCUREMENT FUNCTION INVOLVEMENT NOT MANDATORY</b> Attach Quotes to Purchase Orders)	\$0 ≥ \$2k	<b>Direct Sourcing</b>	<b>Credit Card / Purchase Order</b>	<ul style="list-style-type: none"> <li>Credit card – obtain a tax invoice and complete reconciliation in Promaster in line with the Credit Card Protocol; or</li> <li>Purchase order and invoice</li> </ul>	Any staff member with a financial delegation or Corporate Credit Cardholder	Save any quotes (if obtained) and correspondence in ECM.
	\$2,001 ≥ \$10k	<b>Minimum 1 Written Quote</b>	<b>Purchase Order/ Credit Card (in exceptional cases)</b>	<ul style="list-style-type: none"> <li>Requires a minimum of <b>one</b> written quote to be sought and a purchase order provided to the supplier or contractor <b>prior</b> to the receipt of goods or services</li> <li>Quote is required to be attached to the PO/ Promaster</li> <li>If applicable: reference appropriate Contract Number on PO (ensuring correct T&amp;Cs apply)</li> </ul>	Line Manager (with appropriate financial delegation)	On receiving all quotations from suppliers, they are to be evaluated with the preferred option being the most advantageous to Council, in considering all procurement governance principles per section 6.1 of this Policy.  Save all quotes and correspondence in ECM.

	<p><b>\$10,001 ≥ \$30k</b></p>	<p><b>Minimum 2 Written Quotes sought</b></p>	<p><b>Purchase Order</b></p>	<ul style="list-style-type: none"> <li>• Requires a minimum of <b>two</b> written quotes to be sought and a purchase order provided to the supplier or contractor <b>prior</b> to the receipt of goods or services</li> <li>• Quotes are required to be attached to the PO</li> <li>• If applicable: reference appropriate Contract Number on PO (ensuring correct T&amp;Cs apply)</li> </ul>	<p>Line Manager (with appropriate financial delegation)</p>	<p>On receiving all quotations from suppliers, they are to be evaluated with the preferred option being the most advantageous to Council, in considering all procurement governance principles per section 6.1 of this Policy.</p> <p>Save all quotes and correspondence in ECM.</p>
	<p><b>\$30,001 ≥ \$50k (new)</b></p>	<p><b>Minimum 3 Written Quotes sought RFQ</b></p>	<p><b>Purchase Order</b></p>	<ul style="list-style-type: none"> <li>• Requires a minimum of <b>three</b> written quotes to be sought and a purchase order provided to the supplier or contractor <b>prior</b> to the receipt of goods or services</li> <li>• A formal RFQ is required for purchases over \$30k with reference to the RFQ template. Quotes are required to be attached to the PO in Technology One</li> <li>• Reference appropriate Contract Number on PO (ensuring correct T&amp;Cs apply)</li> </ul>	<p>Line Manager (with appropriate financial delegation)</p>	<p>On receiving all quotations from suppliers, they are to be evaluated with the preferred option being the most advantageous to Council, in considering all procurement governance principles per</p>

						<p>section 6.1 of this Policy. Save all quotes and correspondence in ECM.</p>
<p><b>PROCUREMENT FUNCTION INVOLVEMENT MANDATORY</b></p>	<p><b>\$50,001 ≥ \$200k</b> <i>(previously \$100k ≥ \$200k)</i></p>	<p><b>Select Tender Minimum 3 Written Quotes</b> RFT</p>	<p><b>Contract / Purchase Order for Vendor Panel and Strategic Alliances</b></p>	<p>Acquisition Plan to be completed by the Project Manager</p> <ul style="list-style-type: none"> <li>• Request For Tendering and Contract Documentation to be completed by Procurement with the following information to be provided by the Project Manager (Technical Documentation): <ul style="list-style-type: none"> <li>○ Specifications/ Drawings;</li> <li>○ Response schedules;</li> <li>○ Schedule of Rates sought; and</li> <li>○ Any other relevant documentation</li> </ul> </li> <li>• Contract Recommendation (Project Manager)</li> <li>• Conditions of Contract (Procurement)</li> </ul>	<p>Line Manager initiating the Procurement approved by Group Manager/General Manager</p>	<p>For Tenders via Vendor Panel or a Strategic Alliance (LGA etc.), Technical Documentation, three quotes, and evaluation will still be required. Agreement can be a Purchase Order linking back to the Header Contract/ Letter of Award.</p> <p>For procurement of Council Light Fleet Vehicles, a full Tender does not need to be undertaken and a RFQ process is consideration sufficient</p>

	<p><b>\$200,001</b> ≥</p>	<p><b>Open Tender</b> RFT &amp; EOI Via SA Tenders</p>	<p><b>Contract / Purchase Order for Vendor Panel/ Strategic Alliances</b></p>	<ul style="list-style-type: none"> <li>• Acquisition Plan to be completed by the Project Manager</li> <li>• An Open Tender process (SA Tenders) through public advertisement for response; Request For Tendering and Contract Documentation to be completed by Procurement with the following information to be provided by the Project Manager (Technical Documentation:                         <ul style="list-style-type: none"> <li>○ Specifications/ Drawings;</li> <li>○ Response schedules;</li> <li>○ Schedule of Rates sought; and</li> <li>○ Any other relevant documentation</li> </ul> </li> <li>• Contract Recommendation (Project Manager)</li> <li>• Conditions of Contract (Procurement)</li> </ul>	<p>Line Manager initiating the Procurement approved by General Manager/ Chief Executive Officer</p> <p>Refer to Prudential Management Policy for Council Report considerations</p>	<p>For Tenders via Vendor Panel or a Strategic Alliance (LGA etc.), Technical Documentation, three quotes, and evaluation will still be required. Agreement can just be a PO linking back to the header contract / Letter of Award. For procurement of Council Light Fleet Vehicles, a full Tender does not need to be undertaken and a RFQ process is consideration sufficient</p>
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**Note: This Matrix is to be used as a guide only – for any queries or clarifications please contact the Procurement Team**

*\*Values noted above are to be interpreted as the **cumulative amount** over the predicted life of the contract for the purposes of determining the appropriate procurement method and approval levels. (i.e. a proposed procurement with estimated budget of \$200k per annum exc. GST over 2 years will be subject to Open Tender as the cumulative amount over predicted life of the contract will be \$400k exc. GST in totality).*

**Other Considerations:** All Purchases must consider WHS & Risk Requirements. For under \$30k see online checklist for relevant considerations. For above \$30k, the Procurement documentation includes information and questionnaires on WHS and Risk. For further advice contact WHS & Risk team.

