

	Function: CORPORATE SERVICES (FINANCIAL MANAGEMENT)	Adopted: 5 th December 2012 Resolution No.: C245:12
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	Version Number: 4	Next Review: As per Clause 14
<h2 style="text-align: center;">PROCUREMENT POLICY</h2>		

Policy Statement

1. Introduction

- 1.1. Copper Coast Council (Council) is committed to undertaking all procurement activities with fairness, accountability and transparency, and in accordance with Council policies and Section 49 of the Local Government Act 1999 (the Act).
- 1.2. Council aims to achieve advantageous procurement outcomes by:
 - 1.2.1. enhancing value for money through fair, competitive, non-discriminatory procurement;
 - 1.2.2. promoting the use of resources in an efficient, effective and ethical manner;
 - 1.2.3. making decisions with probity, accountability and transparency;
 - 1.2.4. advancing and/or working within Council's economic, social and environmental policies;
 - 1.2.5. providing reasonable opportunity for competitive local businesses to supply to Council;
 - 1.2.6. appropriately managing risk; and
 - 1.2.7. promoting compliance with the Act and all relevant legislation.

2. Scope

- 2.1. The aim of this policy is to guide procurement activities associated with the acquisition of goods, works, services or consultants and covers all aspects of the procurement lifecycle including planning, risk management, tendering, purchasing, contracting, documentation and financial control.
- 2.2. All Council procurement must comply with the restrictions documents in the Council's Caretaker Policy when Council is operating under Caretaker Mode.
- 2.3. This Policy does not cover the purchase of the following:
 - 2.3.1. non-procurement expenditure such as outgoing sponsorships, grant funding arrangements and donations;
 - 2.3.2. employment contracts;
 - 2.3.3. real property acquisitions;
 - 2.3.4. disposal of land and other assets owned by Council and;
 - 2.3.5. purchase of land by Council.
- 2.4. Section 49 of the Act, requires Council to prepare and adopt policies relating to contracts and tenders on:
 - 2.4.1. the contracting out of services; and
 - 2.4.2. competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
 - 2.4.3. the use of local goods and services.

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- 2.5. Furthermore, Section 49 (a1) of the Act requires Council to develop and maintain policies, practices and procedures directed towards:
 - 2.5.1. obtaining value in the expenditure of public money; and
 - 2.5.2. providing for ethical and fair treatment of participants; and
 - 2.5.3. ensuring probity, accountability and transparency in all operations.
- 2.6. This Policy seeks to:
 - 2.6.1. define the methods by which Council can acquire goods and services;
 - 2.6.2. demonstrates accountability and responsibility of Council to ratepayers;
 - 2.6.3. be fair and equitable to all parties involved;
 - 2.6.4. enable all processes to be monitored and recorded; and
 - 2.6.5. ensure that the best possible outcome is achieved for the Council.
- 2.7. Purchasers will ensure all purchases they initiate comply with this Policy and financial and contractual delegations. It is the responsibility of Council employees involved in the procurement process to understand the meaning and intent of this Policy. Purchasers must, act with integrity and in good faith at all times when dealing with suppliers.
- 2.8. This Policy applies to all Council contracting and procurement activities and is binding upon Council members, staff and temporary employees, contractors and consultants, or any other person undertaking procurement on Council's behalf.

3. Applicable Legislation

- 3.1. The following legislation applies to this Policy:
 - Local Government Act 1999.
 - Trade Practices Amendment (Australian Consumer Law) Act (No.1) 2010
 - Work Health and Safety Act 2012
- 3.2. This Policy is a mandatory requirement and essential for good governance.

4. Integration with Corporate Objectives

- 4.1. This Policy supports Council's Strategic Plan 2019 - 2029
 - 4.1.1. Governance Objective – Leadership

Goal 5 - To provide effective leadership and direction through open and accountable local government.
 - 5.2 Finance – To have open, accurate and effective financial Management.
 - 5.3 Legislation – To adhere to the requirements of the Local Government Act 1999, regulations and other legislation that influences the operations of Council.

5. Related Council Policies and Documents

- 5.1. This Policy should be read in conjunction with and must be consistent with the Council's policy for assessment of projects, under Section 48 (aa1) of the Act.
- 5.2. This Policy operates in conjunction with other Council policies, including but not limited to:
 - Code of Conduct of Council Employees
 - Contractor Management Policy
 - Fraud and Corruption, Misconduct and Maladministration Policy
 - Prudential Management Policy
 - Disposal of Land and Assets Policy
 - Community Support Policy

6. Definitions

For the purposes of this Policy, the following definitions apply:

- 6.1. **Chief Executive Officer (CEO)** means the appointed Chief Executive Officer under Section 96 of the Local Government Act 1999 and includes any person acting or delegated by the Chief Executive Officer's under Sections 100 and 101 of the Local Government Act 1999.
- 6.2. **Council** means the Copper Coast Council and any delegate of the Council.
- 6.3. **Goods** means a physical or tangible item that does not include a labour component.
- 6.4. **Financial Delegation** means the power delegated to an officer for the expenditure of funds pursuant to Section 137 of the Local Government Act 1999.
- 6.5. **Public Officer** means a member, employee, volunteer or, contractor authorised to perform work on behalf of Council and also the purchaser of goods and services.
- 6.6. **Resources** means our human, physical and financial assets
- 6.7. **Services** means the performance by an individual or organisation of a task, duties or work for another, normally involving the provision of labour and/or professional services.

7. Procurement Principles

Procurement is not restricted to solely the price.

Council is committed to the eight (8) core principles when selecting suppliers as follows:

7.1. Value for Money

Best value includes price, whole-of-life costs, opportunity costs, and the value of any environmental, social and economic benefits.

7.2. Transparent, Accountable, Fair and Ethical Standards

All purchases must be made in a transparent, accountable, fair and ethical manner. Standards must be maintained in perception and reality in accordance with Council's Code of Conduct. Purchasers must comply with all legal and policy requirements and be impartial, fair and professional in their actions and decisions.

7.3. Efficient Procurement Practices

Standard tender and contract documentation will be used wherever possible to ensure consistency. Panel arrangements and pre-qualification of contractors will be utilised where appropriate, to improve the efficiency of the procurement process and reduce the impact of repetitive bidding on potential contractors.

7.4. Social Responsibility

Council will model public value and social responsibility by ensuring purchases favour suppliers that provide or support social enterprise and/or contribute substantially to social justice, access and inclusion and equal employment opportunities, to the extent permitted by law.

7.5. Environmental Sustainability

Council will model public value and sustainable practices by ensuring contractors engaged and/or purchases that seek:

- to minimise the impact of their operations on the environment; or
- favour suppliers that are environmentally responsible;
- contribute to conserving natural resources;
- encourage waste minimisation and recycling;
- include recycled-content; and
- contribute to minimising Council's carbon emissions.

In support of the Local Government Association's 'Buying it Back' Circular Procurement Pilot Project, Council will endeavour to prioritise the purchase of recycled-content materials through its procurement processes for all categories of procurement, including panel contracts already in place.

Consideration of sustainability outcomes must be balanced against other principles (such as Buy Local) but may include the consideration of opportunity costs. Council will use its best endeavours to track the purchase of recycled-content by weight and where feasible, will report publicly on purchases.

7.6. Use of Local Contractors

Council places increased value on the content of suppliers and contractors that contributes to the local economic development, sustainability and social inclusion within the Copper Coast locality and where capability, capacity and competitiveness can be demonstrated. The definition of 'local' may vary, depending on the identified geographic market for the relevant procurement activity.

Council supports the economic development for South Australia by using suppliers that employ South Australian residents and invest in the State (acknowledging the South Australia Industry Participation Policy) where possible. Council will prefer use of Australian products unless there is no alternative equivalent in which case overseas products will be considered.

Council supports state and national efforts to increase workforce participation, skill development and social inclusion through employment of trainees and apprentices, or local people with barriers to employment to the extent permitted by law.

7.7. Work Health and Safety (WHS)

Council is committed to achieving a high level of pro-active Work Health and Safety (WHS) management during its procurement processes and on-going management of contracts. Council seeks to engage contractors who can demonstrate an appropriate WHS Management System (WHSMS) capability that, at a minimum, meets the Council's WHS standards which will optimise safety management for workers contracted by Council. As a minimum, this will be:

- compliance to the Work Health Safety Act, 2012 (and all associated Regulations, Codes of Practice and Standards);
- cooperating with any safety policies, procedures and information provided by Council;
- identifying hazards associated with work being undertaken and ensuring all identified hazards are managed in accordance with the WHS legislation.

7.8. Fit for Purpose

It is a requirement that all services and materials sourced for Council projects, including steel, meet relevant Australian standards for design, manufacture and fabrication. These requirements will be clearly outlined to suppliers during the purchasing process, and include:

- service or functional requirements of users;
- suitable standard in materials and build quality and
- available on time and within budget.

8. Procurement Parameters

8.1. Financial and Contractual Delegations

The Chief Executive Officer has delegated authority in respect to:

- a) Section 101 of the Act - expenditure of Council funds, which has been sub-delegated to Purchasers (financial delegation).
- b) Section 36 of the Act - the Chief Executive Officer has delegated authority with respect to entering into any kind of contract or agreement, which has been sub-delegated to Purchasers in accordance with their financial delegations.

8.2. Value of the Purchase

The value of the purchase will be calculated, excluding GST and as follows:

- a) one-off purchase: the total value of the purchase;
- b) multiple purchases: the total value of items/purchases for a particular project/activity (whole of life costs); or
- c) ongoing purchases: annual value of the purchases from the supplier.

Purchases must not be broken into parts in order to circumvent this Policy. Circumvention does not occur if a project or activity is genuinely multi-stage (that is, one stage must logically be completed before the next stage can be planned). The combining of purchase values does not apply to separate distinct projects.

8.3. Purchase Orders

Purchase orders serve the following purposes:

- a) ensure purchase is within an Authorized Officer's financial delegations;
- b) record a financial commitment in Council's financial system to allow accurate tracking of financial obligations at any point in time;
- c) establish a set of Terms and Conditions for the purchase of goods and services.

Purchase orders will be raised prior to the purchase being made. Whilst Employees are encouraged to raise purchase orders, the following circumstances may be applied when determining if an order does not need to be raised:

- a) Purchases generally of a value less than \$1,000 (excluding GST);
- b) Purchases made using corporate credit cards (refer Councils Credit Card Policy);
- c) Purchases relating to an entity which is a wholly or partially owned subsidiary of Council;
- d) Strategic Alliance Contracts, unless required under the specific contracts arrangements, and
- e) Purchases made for nominated goods and/or services list below:
 - Legal and debt collection services
 - Software licensing
 - Vehicle registrations
 - Refunds or reimbursement of expenses
 - Banking and income collection services
 - Borrowing costs (principal and interest)
 - Auditor's fees
 - Statutory Government charges
 - Courier services
 - Insurance premiums and excess payments
 - Leases and rentals
 - Postal and courier services
 - Subscriptions and memberships
 - Travel and accommodation (ie taxi fares)

- Utilities (water, electricity, gas, telephone and fuels)
- Elected member allowances
- Allowances for Independent Members on Council Committees
- Services delivered by Council owned Subsidiaries

8.4. Conflicts of Interest

A conflict of interest arises where the private interests of the Purchaser conflict with the conduct of a Purchaser.

There are three (3) types of conflict of interest as follows:

- Actual* conflict of interest exists if private and/or personal interests influence the performance of or decisions made of a Purchaser.
- Perceived* conflict of interest exists if private and/or personal interests appear to influence the performance of or decisions of a Purchaser.
- Potential* conflict of interest exists if private and/or personal interests have potential to influence the performance of or decisions of a Purchaser.

Purchaser/s are required to declare that they do not have any conflicts of interest before proceeding with a purchase. Where a conflict of interest is identified the Purchaser should be removed from the purchase and another Officer assigned to make the relevant purchasing decision, as determined by their direct line Manager, Director or Chief Executive Officer.

8.5. Contract Management

Contracts entered into by Council will be managed in accordance with Council's Contractor Management Policy and including the Contractor Management Procedure and Contractor Management Pre-Qualification.

Council staff required to manage contracts will be provided with adequate training to carry out those duties and understand the rights and obligations conferred by the contract.

Council appointed and authorised person/s (eg Director, Contract Manager, Contract Administrator, Project Manager and WHS & Risk Management Coordinator) are responsible for ensuring:

- contracts and ensuring required outcomes are delivered in required timeframes, budget and quality standard;
- work health and safety requirements including risk assessments are effectively managed and monitored; and
- undertake mid-term and post engagement reviews with relevant documentation of discussions and outcomes.

Councils Contractor Management System will provide for the:

- selection of contractors with appropriate safety controls;
- exchange of information between Council and its contractors to facilitate the identification of hazards and appropriate risk management; and
- appropriate monitoring of the on-going performance of contractors engaged.

8.6. Risk Management

Council will adopt sound risk management principles in its procurement activities consistent with the corporate risk management approach. All relevant risks will be taken into consideration.

Council will ensure that procurement activities are consistent with and meet the obligations of Council's Risk Management Policy, Framework and Procedure.

Where applicable, Council will ensure the suppliers have sufficient public liability, professional indemnity and personal injury insurance.

8.7. Confidentiality

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

8.8. Prudential Requirements

It is a requirement that a Prudential Report is prepared for projects exceeding a prescribed value, prior to any purchasing being undertaken.

The requirement for a full prudential report does not apply to purchases and/or projects where the procurement is for road construction, road maintenance or drainage works.

However, effective due diligence is required for any proposed project. For further information refer to Council's Prudential Management Policy and Section 48 of the Act.

9. Purchasing 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 outcomes for the Council – in such instances, other market approaches may be more appropriate.

When purchasing goods and services there are a number of transaction methods which can be used to select and contract with the supplier. The underlying principle is to balance the transaction costs associated with each transaction method, with risk and probity.

Purchases which are:

- low value, low risk or low complexity should be acquired through the more efficient processes of credit cards, direct purchase or panel arrangements.
- high value, high risk and/or high complexity should be acquired through more stringent process of a tender.

The decision matrix outlines different transaction methods based on value:

Value of Purchase (excluding GST)	Direct Purchasing	Request for Quotation (RFQ)	Request for Expression of Interest (EOI)	Request for Tender	Panel Contract	Strategic Alliances
Less than \$15,000	X	X			X	
Between \$15,001 & \$150,000		X			X	X
Between \$15,001 & \$310,000 (Roadworks & Drainage only)				X	X	X
Above \$150,001			X	X	X	X

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:

9.1. Direct Purchasing (up to the value of \$15,000)

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 Council.

Depending on the value, a number of payment options can be utilised including but not limited to:

- purchases to the value of \$30.00 or under, petty cash may be used
- purchases made on corporate credit cards, approved transaction limits and financial delegations need to be observed.

9.2. Request for Quotation

a) Quotations (Informal)

This is where Council obtains quotations from prospective suppliers. Generally, a minimum of three quotations (two (2) is acceptable where three (3) suppliers are not available) are sought and 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.

b) Request for Quotation

A Request for Quotation (RFQ) is where Council obtains written quotations from prospective suppliers and generally a minimum of three (3) written quotations are sought. This purchasing method may be suitable for simple, large price based purchases.

- 'Short Form Request for Quotation' can be used for purchases with minimal specifications.
- 'Long Form Request for Quotation' can be used for purchases with detailed specifications.

Request for Quotes method can be conducted via email or in writing.

9.2.1. Re-issue Ordering (Roadworks and Drainage only)

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

- a) The order is for less than \$55,000
- b) The hourly rates are from a previous competitive Request for Quotations or Request for Tenders process.

9.3. Request for Expression of Interest

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 or where the Council wishes to obtain some conceptual suggestions.

9.4. Request for Tender (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.

The open Request for Tender must be advertised in The Yorke Peninsula Country Times newspaper and local media and should allow at least twenty-one (21) days from the day of the advertisement for the submission of tenders.

9.5. Panel Contract/Panel Arrangements

This is where the Council establishes panel arrangements with a select group of suppliers. A tender is undertaken to select a group of suppliers which provide the services and have the capability to meet the Council's needs.

If Council has a Panel Contract in place for the supply of goods or services, purchases may be made directly from any of the suppliers on the panel, without the need to obtain quotes, or seek tenders (as long as the contract contains contract rates for the items being purchased).

Generally, this occurs once the Council has completed its appointment of such suppliers in accordance with this Policy, and can include either:

- a) a standing offer from a pool of suppliers for the provision of goods and services on agreed terms; or
- b) 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. Council may also use Panels created by State or Federal agencies and should operate for three (3) years.

9.6. Strategic Alliances

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 through collaborative purchasing.

Purchasers may make purchases through strategic alliances or common use contract arrangement already established and administered by other organisations such as (but not limited to):

- Local Government Association Procurement (LGAP)
- Procurement Australia (PA)
- State government contracts
- A purchasing arrangement with other Councils.

Tender processes are usually undertaken by the organisations in order to select the suppliers available through collaborative purchasing. This saves Council undertaking its own tender process and creates efficiencies for all parties.

10. Exemptions from this Policy

10.1. Emergency Procurement

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

During an emergency incident, flexibility in the procurement process may be required to ensure that necessary responses are not delayed and that Council's operations are maintained or restored as soon as practicable. Council will undertake procurements during an emergency incident utilising preferred suppliers if possible and taking into account Council's procurement principles, given the circumstances at hand.

Emergency incidents where exemption from this Policy applies are:

- A declared state of emergency under the Emergency Management Act 2004.
- An incident that requires activation of Council's Emergency Preparedness and Management Policy.
- An incident declared by the Chief Executive Officer (or nominee) where the safety or security of any person or property associated with Council is threatened.
- An external incident to which the Chief Executive Officer (or nominee) has authorised the provision of urgent support.
- An incident where an authorised person deems that a purchase is require in the best interest of public safety.

Where an exemption is due to an emergency situation, expenditure should be limited to that required to alleviate the emergency situation; and purchasers must ensure that appropriate methods of purchase are resumed as soon as practicable (i.e. purchase order generated, quotations sought for remainder of the goods, works or services other than that required for the emergency response).

10.2. General Exceptions

There may be procurements in which a tender process will not necessarily deliver the best outcome for the Council, and other market approaches may be more appropriate. This includes when there are timing constraints and where the supply market is known e.g. monopoly exists, limited specialist goods/services required and can only be provided by a single provider (sole supplier).

10.3. In the event 10.1 or 10.2 are applied, staff may waive application of this Policy and pursue a method which will bring the best outcome for Council and the Community with the approval from Elected members; or where that is impossible or impractical to call a special meeting of Council be authorised by the Chief Executive Officer who will advise the Elected Members at the next Council Meeting.

10.4. Council must record in writing its reasons for waiving application of this Policy.

11. Payments

Goods and services will be paid for on the receipt of an invoice from a supplier emailed directly to accounts@coppercoast.sa.gov.au via one of the following:

a) Petty Cash

Purchasers may receive an advance or reimbursement of expenses to a limit of \$50 for one-off purchases where Council does not have an account with the supplier.

b) Credit Card

For purchases by approved cardholders of \$2,000 or less (excluding GST), which are low risk and low complexity. Refer to Council's Credit Card Policy.

c) Payment on invoice (with or without Purchase Orders)

Invoices with a value less than \$1,000 (excluding GST) do not need a purchase order but all purchases over \$1,000 (excluding GST) must be linked to a purchase order prior to receiving the goods or services unless stated in Clause 8.3 (e).

Purchase orders records Council's commitment to purchase goods or services. It contains advice to suppliers of Council's standard terms and conditions for a purchase.

d) Payment Reimbursement/Refund

A payment reimbursement form should be completed for purchases that are Council related but personally incurred. (e.g. staff reimbursements such as licences, conference costs, study expenses, etc).

12. Delegations

12.1. Pursuant to Section 44 of the Local Government Act 1999, Council has delegated to the Chief Executive Officer authority to administer Council's policies.

12.2. This Policy will be implemented by the Chief Executive Officer or relevant portfolio Director and managed in accordance with Council's scheme of delegations.

12.3. By signing a purchase order all Council officers are confirming that they have taken full notice of this Policy and will comply with all of the requirements of this Policy and the appropriate Council guidelines and procedures.

- 12.4. Council officers or their delegates, are entitled to authorised purchase orders in accordance with financial delegation limits and budget as per the following:

Position	Limit within Budget
Executive & Personal Assistants	\$5,000
WHS/Risk Co-ordinator	\$5,000
Tourism and Events Officer	\$5,000
ICT Officer	\$5,000
Environmental Services Co-ordinator	\$5,000
Waste and Inspectorate Team Leader	\$5,000
Coordinator Strategic Planning & Development	\$5,000
Corporate Services Officer	\$5,000
Compliance Officer	\$5,000
Senior Mechanic	\$10,000
Library & Tourism Centre Co-ordinator	\$10,000
Infrastructure Level – Technical Officer	\$20,000
Infrastructure Level - Team Leader	\$20,000
Infrastructure Level - Co-ordinator	\$50,000
Infrastructure Level – Civil Projects Officer	\$50,000
Director Corporate and Community Services	\$150,000
Director Developmental Services	\$150,000
Director Infrastructure Services	\$500,000
Chief Executive Officer	Unlimited subject to budget

13. Complaints

- 13.1. Complaints under this Policy must be in writing to the Chief Executive Officer and lodged in accordance with Council's Complaints Policy.
- 13.2. Any breaches under the Council Employee Code of Conduct will require evidence to support the allegation(s).
- 13.3. In the case of a complaint against the Chief Executive Officer, complaints must be in writing to the Mayor and will require evidence to support the allegation(s).

14. Adoption and Review

- 14.1. This Policy shall be reviewed every two (2) years, or more frequently, if legislation or Council requires by the Corporate Services Department and a report shall provide to Council for consideration and adoption.

15. Records Management

- 15.1. Official records will be managed in accordance with Council's Records Management Policy pursuant to Section 125 of the Local Government Act 1999.
- 15.2. Council must record written reasons for utilizing a specific procurement method in each activity and where it uses a procurement method other than tendering.

16. Availability of Policy

- 16.1. Policies will be available for inspection without charge at Council's Principal Office and on Council's website www.coppercoast.sa.gov.au.
- 16.2. A copy of this Policy may be obtained on payment of a fee in accordance with Councils' Register of Fees and Charges.

Signed



Mayor



Chief Executive Officer

Date

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