

 Adelaide Plains Council	Procurement Policy	
	Version Adoption by Council: 25 September 2023 Resolution Number: 2023/273 Current Version: V1	
	Administered by: Director - Finance	Last Review Date: 2023 Next Review Date: 2025
Document No: D23/32493	Strategic Outcome Strategic and sustainable financial management	

1. Objective

1.1 Council is committed to implementing fair, transparent and competitive purchasing and contracting practices achieving optimum value for money outcomes aligned to the Council's strategic objectives, community expectations and the requirements of any special funding sources.

1.2 In compliance with Section 49 of the *Local Government Act 1999* (the Act) and best practice principles in procurement, this Policy seeks to:

- Define the methods by which Council can acquire goods and services.
- Demonstrate probity, accountability, and responsibility of Council to all stakeholders.
- Be fair and equitable to all parties involved.
- Enable consistency of approach in the application of procurement processes. and
- Ensure that the best possible outcome is achieved for Council.

2. Scope

2.1 This Policy applies to all procurement activities undertaken in the acquisition of goods or services on behalf of Council, whilst giving due regard to financial thresholds outlined in the associated Procedures and/or outlined in Procurement Thresholds - Clause 5 below, whether solicited by Council, or the result of an unsolicited proposal from the private or not-for-profit sectors, and whether transacted via a trading account or Council credit card.

2.2 This Policy does not cover:

- Non-procurement expenditures such as sponsorships, grants from the Council, funding arrangements, donations, and employment agreements;
- Real property acquisitions of land, buildings or structures;
- The disposal of land and other assets; or
- Procurement processes during the Council Caretaker period. These will be conducted under the requirements of the Council's Caretaker Policy.

3. Definitions

3.1 **Council** means Adelaide Plains Council.

3.2 **Acquisition Plan** is a document that outlines the procurement methodology and sourcing strategy to be undertaken in a proposed procurement.

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- 3.3 **Agreement** is an agreement between two or more authorised persons on behalf of their organisations to perform or not perform a specific act that is enforceable in law. An agreement may be verbal, written or inferred by conduct.
- 3.4 **Contractor** is an individual or organisation that is formally engaged to provide goods or services for or on behalf of an entity. This definition does not apply to casual, fixed-term or temporary employees directly employed by the entity.
- 3.5 **Direct Purchase** is a procurement process undertaken by directly approaching and negotiating with one supplier or contractor without testing the market. This method is generally only appropriate for low value and low risk goods and services.
- 3.6 **Emergency Situation** is a situation where Council is required to remedy or make good damage incurred to Council property from a natural or man-made incident. The Chief Executive Officer has the authority to act in an Emergency Situation: goods and services in these instances may be purchased from a supplier or contractor without reference to the financial limitations provided in this Policy.
- 3.7 **Expression of interest (EOI)** is used to identify suppliers and contractors interested in, and capable of, delivering the required goods or services. Potential suppliers and contractors are asked to provide information on their capability and capacity to do the work. It is usually the first stage of a multi-stage procurement process.
- 3.8 **Goods** is a physical or tangible item that does not include a labour component.
- 3.9 **Lifecycle cost** is the total cost of an item or system over its full life. It includes the cost of development, production, ownership (operation, maintenance, support), and disposal, if applicable. Also referred to as whole of life cycle cost or total cost of ownership.
- 3.10 **Local Supplier** is a supplier or contractor which is beneficially owned by persons who are residents or ratepayers of the Council, or has its principal business within the Council area, or a business that substantially employs persons who are residents or ratepayers.
- 3.11 **Market Approach** is the process undertaken to inform the market of your requirements to obtain offers to meet your requirements.
- 3.12 **Probity** means uprightness, honesty, proper and ethical conduct and propriety in dealings. It is often also used in government in a general sense to mean good process.
- 3.13 **Procurement** is a series of activities that are undertaken when purchasing goods and services, based on three key phases: planning, purchasing and contract management.
- 3.14 **Procurement process** is the step-by-step process for the planning, establishment and contract management of small and large acquisitions.
- 3.15 **Purchasing** is the process by which an organisation contracts with another party to obtain the goods and services required to fulfil its business objectives.
- 3.16 **Quotation/quote** is an offer to supply goods and/or services, usually in response to an invitation to supply known as a request for quotation. Often used interchangeably with proposal, tender, bid and offer.

3.17 **Request for Quote (RFQ)** is a written process of inviting offers to supply goods and/or services involving simple documentation and a limited number of potential suppliers or contractors.

3.18 **Request for Tender (RFT)** is an invitation to supply or a request for offer against a set of clearly defined and specified requirements. Invitees are advised of all requirements involved including the conditions of participation and proposed contract conditions.

3.19 **Services** is the performance of a task, duties or work for another, by an individual or an organisation, which normally involves the provision of labour and/or professional services.

3.20 **Supplier** is a person or entity that provides goods or service to the Council.

3.21 **Total Cumulative Spend** is the total expenditure with a supplier or contractor or a number of suppliers or contractors over a set time period providing similar goods or services of an ongoing nature.

3.22 **Value for money** is achieved in procurement by finding the optimum balance of financial and non-financial factors including whole of life cost (lifecycle cost).

4. Procurement Objectives

4.1 Council is committed to achieving a range of objectives through its procurement processes that may be considered alongside achieving value for money outcomes. Such objectives should be supported by appropriate evaluation criteria and weightings and decisions of Council. Procurement activities undertaken by Council include the following nine (9) objectives.

4.2 Objective 1 - Open and Fair Competition

Open and fair competition will be fostered and maintained by providing suppliers and contractors with appropriate access to Council's procurement opportunities. Where reasonably practicable, Council will ensure that:

- There is reasonable access for all suitable and competitive suppliers and contractors to the Council's business;
- Where market circumstances limit competition, procurement activities recognise this, and associated methodology takes account of it; and
- Adequate, identical, and timely information is provided to all suppliers and contractors to enable them to quote or tender.

4.3 Objective 2 - Value for Money

Value for money outcomes can be achieved through balanced consideration of financial and non-financial factors relevant to the procurement. The following factors should be considered:

- 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, quality and scope of services, and support of each prospective supplier and contractor;
- Fit for purpose of the proposed goods or service;
- Whole of life costs including acquiring, using, maintaining and disposal;
- Council's internal administration costs;
- Technical compliance issues and costs;
- Risk exposure and WHS considerations;
- Prevailing market forces and trends;
- The value of any associated environmental benefits;
- Local Economic development and social inclusion;
- Trade-in values; and
- Other relevant matters identified in specific procurement process documentation.

4.4 Objective 3 - Probity, Accountability and Transparency

All procurement shall be undertaken in a manner that ensures:

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

A Probity Advisor and/or Auditor may be appointed to advise on, or review, the procurement activity.

4.5 Objective 4 - Ethical Behaviour and Fair Dealing

All personnel involved in procurement activities are to:

- Behave with impartiality, fairness, openness, integrity, and professionalism;
- Provide all compliant suppliers and contractors (i.e. those who fulfil OHS , licences, insurances and procurement requirements) with equal opportunity to supply to Council;
- Establish clear and easy to understand documentation requirements, evaluation criteria and methodology;
- Provide consistent processes and constructive feedback on decisions upon request from suppliers and contractors; and
- Ensure effective communication and provision of information to all suppliers and contractors.

4.6 Objective 5 – Identification and Management of Risk

4.6.1 The Risk Assessment process should consider financial, supply, business, legal, management, reputations, probity, work health and safety, environmental, public safety, political and sensitive risks. Risks relating to the procurement process may include:

- Procurement of unsuitable product or service;
- Funding (e.g. internal & external, impact on long term financial plan);
- Probity failure;
- Inappropriate or inadequate specification;
- Negotiation of agreement terms/failure to agree to terms;
- Actual or perceived breach of probity/confidentiality;
- Lack of responses/limited supplier participation; and
- Evaluation processes.

4.6.2 Risks relating to the engagement of the product/service provider may include:

- Supplier capability/capacity/availability;
- Agreement management/supervision;
- Price variations;
- Agreement disputes; and
- Unauthorised change in scope of work.

4.6.3 Risk Assessment

- Council staff will ensure that appropriate practices and procedures of internal control and risk management are in place for its procurement activities, including risk identification, assessment, and implementation of controls.
- Procurement risk assessments will focus on assessing a potential supplier's and contractor's capacity and capability to meet Council's requirements, and identify any other factors which might result in goods or services not being successfully delivered.

4.6.4 Risk Based Approach to Market

- Council's approach to market will be influenced by procurement risk assessments, with high-risk and high-value acquisitions requiring more formal procurement planning methodologies and higher levels of management oversight.

4.6.5 Work Health Safety

- Council is committed to protecting health, safety, and welfare. Council staff will ensure that its procurement activities protect the health, safety and welfare of its workers, elected members, customers, and community.
 - If the procurement of services, goods, materials or plant and equipment involves implications for work, health or safety, Council's Work Health & Safety & Risk Management staff should also be consulted prior to such procurement; and
 - Where appropriate, procurement evaluation must ensure an appropriately skilled person confirms all WHS requirements.

4.7 Objective 6 - Environmental Sustainability

Council promotes environmental sustainability through its procurement activities and will consider the purchase of environmentally sustainable goods and services that satisfy the value for money criteria when all other financial and commercial considerations are equal. This can be by:

- Purchasing recycled and environmentally preferred products where possible;
- Adopting purchasing practices which conserve natural resources;
- Aligning the Council's procurement activities with principles of ecological sustainability;
- Select products and services which have lower environmental impacts across their life cycle compared with competing products and services;
- Integrating relevant principles of waste minimisation and conservation of energy;
- Provide leadership to business, industry, and the community in promoting the use of environmentally sensitive goods and services; and
- Fostering the development of products and services which have a low environmental impact.

4.8 Objective 7 - Local Economic Benefit

Council recognises the significant impact that its operations play in the local economy yet is mindful of its requirement to provide optimum value for money outcomes through its procurement activities and achieve budget expectations.

Council will endeavour to, at its discretion and to the full extent permitted by law, support local businesses by:

- Promoting to local and regional businesses opportunities to supply to the Council;
- Giving preference to local business when all other commercial considerations are equal;
- Encouraging Aboriginal and Torres Strait suppliers and contractors to quote and tender;
- Giving preference to Aboriginal and Torres Strait, local and regional businesses when all other commercial conditions are equal to ensure local employment opportunities and economic stability and/or growth; and
- Considering economic and social inclusion elements such as employment creation and training opportunities specifically within the Council area.

4.9 Objective 8 - Social Impact

This refers to the intentional generation of social value through procurement processes that can occur through direct or indirect approaches, but is not limited to:

- Indigenous Suppliers and Contractors;
- People with a disability;
- Women in business; and
- Small to medium business.

4.10 Objective 9 - Effective Management of the End-to-End Procurement Lifecycle

The procurement lifecycle includes all of the steps and tasks within the procurement process, from needs identification and data gathering to contract management, delivery of goods or services and relationships with suppliers and contractors.

Council staff will determine appropriate methodology within the various steps of the procurement lifecycle including planning, risk management, tendering, purchasing, contracting and financial control with regard to the scale, complexity and importance of the goods or services being acquired.

5. Procurement Thresholds

5.1 Procurements are to be conducted in accordance with Council's financial thresholds outlined in this Procurement Policy and within the limit of Council employees delegated purchasing authority.

5.2 The value of the procurement is calculated as follows (excluding GST):

- Single one-off procurement – the total amount, or estimated amount, of the procurement;
- Multiple procurements with the same supplier or contractor – the gross value, or the estimated gross value, of the procurements; or
- Ongoing procurements over time – the annual gross value, or the estimated annual gross value, of the procurements.

5.3 The value of a procurement or transaction is calculated across all elements of the procurement process including any agreement options, extensions, renewals, and contingencies (exclusive of GST) and should be considered in the planning phase of the project.

5.4 Splitting the value of the purchase into individual components to meet with lower value of Purchase Thresholds is not permitted.

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

5.6 Council can meet its procurement requirements through contractual arrangements established and administered by other Councils and/or procurement organisations that demonstrate adherence to the requirements of this policy.

5.7 The use by the Council of Strategic Alliances means that the methods of procurement set out in this policy will be undertaken pursuant to and in accordance with the arrangements set out under the Strategic Alliances.

5.8 Procurements are to be in accordance with Council's financial thresholds outlined below:

Value (ex GST)	Market Approach Minimum Requirements	Risk Rating	Market Approach Options	Agreement Type	Approver
Up to \$10,000	Direct purchase based on advertised price or written quotation	Not applicable or insignificant	<p>Council's pre-qualified contractor register</p> <p>Council's existing panel arrangement or standing offer</p> <p>VendorPanel www.vendorPanel.com.au</p> <p>Direct approach i.e., email</p> <p>Verbal quote - must be supported by a level of written documentation</p>	<p>Purchase Order (For Purchases of a value more than \$1,000 (ex. GST))</p> <p>Credit Card Store Card (Ex. BP Fuel Card)</p>	Employees – within the limit of their delegated purchasing authority and the approved budget
\$10,001 to \$100,000	RFQ – Minimum three (3) written quotations OR one (1) written quotation from Panel	Moderate to Major	<p>Council's pre-qualified contractor register</p> <p>Council's existing panel arrangement or standing offer</p> <p>Strategic Alliances</p> <p>VendorPanel www.vendorPanel.com.au</p>	<p>Purchase Order</p> <p>Services Agreement</p> <p>Works Agreement</p> <p>Goods Agreement</p>	<p>Employees – within the limit of their delegated purchasing authority and the approved budget</p> <p>Where the Risk Assessment/CEO determines that a tender is of commercial or community sensitivity, approval must be obtained by Council resolution</p>

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Value (ex GST)	Market Approach Minimum Requirements	Risk Rating	Market Approach Options	Agreement Type	Approver
\$100,001 - \$500,000	EOI, Select Tender (Minimum three (3) tenderers) OR Open Tender OR RFQ from the Panel (minimum three (3) Written quotes)	Major to Catastrophic	Council's pre-qualified contractor register Council's existing panel arrangement or standing offer Strategic Alliances VendorPanel www.vendorPanel.com.au	Purchase Order Services Agreement Works Agreement Goods Agreement	Employees – within the limit of their delegated purchasing authority and the approved budget Where the Risk Assessment/CEO determines that a tender is of commercial or community sensitivity, approval must be obtained by Council resolution
\$500,001 and above	Open Tender	Catastrophic	SA Tenders and Contracts www.tenders.sa.gov.au VendorPanel www.vendorpanel.com.au Strategic Alliances	Purchase Order Services/ Works/ Goods Agreement	Council resolution

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6. Cumulative Spend

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

6.2 Cumulative Spend shall be monitored annually by Council to determine whether the appropriate procurement process has been undertaken and/or an alternative procurement method is required to be undertaken to comply with this policy.

7. Procurement Methods

7.1 The method of procurement for major procurements will typically be documented in an Acquisition or Probity Plan, with reference to a number of factors including procurement complexity, estimated value, risks, characteristics of the supply market, and Council's strategic objectives - and in accordance with procurement thresholds.

7.2 Acquisition or Probity Plan must be prepared when procuring all goods and services that can be considered as being of high expenditure, and/or for which there is a high degree of strategic, financial, operational, technological, environmental, regulatory or political risks. As a monetary threshold, an Acquisition Plan is required for all purchases over \$50,000 (ex GST).

7.3 Staff with financial delegated authority to procure will be responsible for ensuring appropriate procurement practices and procedures, including the identification of risk are observed.

7.4 Direct Purchasing

- Direct purchasing is a procurement method undertaken by directly approaching and negotiating with one (1) supplier or contractor.
- Procurement method may be conducted where transactions are of low value and low risk.
- Prices should be tested for currency prior to awarding supplier or contractor to give consideration to Value for Money.

7.5 Request for Quotations (RFQ)

- This is where Council obtains quotations from prospective suppliers or contractors for the provision of low value, low risk goods and services.
- This method may be suitable for simple, largely price-based purchases.

7.6 Expressions of Interest (EOI)

- Expressions of Interest are useful when the number of suppliers or contractors, market size or the approach to solving a problem is largely unknown.
- Such a process can form the platform for a future Request for Tender for the goods and/or services required.
- Council should attempt to assess the market before conducting an EOI process and

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refine its requirements as much as possible to ensure responses are targeted appropriately.

7.7 Request for Tender (RFT)

- This is where the Council issues a tender for the goods or services required.
- Council may issue a “Select” Request for Tender where it has already issued an EOI, or where it has reasonable grounds for only dealing with a select group of potential suppliers or contractors.
- Otherwise, Council may issue an “Open” Request for Tender.

7.8 Panel Contracts

7.8.1 Council may establish its own panel arrangements with a select group of suppliers or contractors to increase efficient procurement of goods and services.

- Panels must be established following the principles of this Policy.
- Any panels must operate under an Agreement and managed for performance and on-going value for money opportunities.

7.9 Strategic Alliances

7.9.1 If the Council enters into a strategic alliances procurement process under this policy (Strategic Alliances) then there will be no requirement for the Council to approach the wider market or enter into a separate RFT/RFQ as an open tender process has already been undertaken.

7.9.2 Council can meet its procurement requirements through contractual arrangements established and administered by other organisations that demonstrate adherence to the requirements of this policy.

7.9.3 The use by the Council of Strategic Alliances means that the methods of procurement set out in this policy will be undertaken pursuant to and in accordance with the arrangements set out under the Strategic Alliances. These include, but is not limited to:

- LGA Procurement (via VendorPanel);
- A purchasing group of which the Council is a member;
- Some State Government contracts; and
- Ad hoc alliances created with other Local Government entities.

8. Exemptions from this Policy

8.1 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.

8.2 The authority to provide an exemption from using the required method of procurement will be delegated to the Chief Executive Officer in accordance with expenditure sub-delegations as prescribed in Council’s Delegations Register. Reasons for any exemption to the procurement method must be documented and registered in Council’s Electronic Document and Records Management System (EDRMS).

- 8.3 The Chief Executive Officer, in approving an exempt method, will consider the scale, scope and relative risk of the purchase, including the principles defined in this Policy.
- 8.4 A request for waiver of a competitive process should not be viewed as a mechanism to remove the need for rigorous procurement planning.
- 8.5 Situations where it may be appropriate to waive application of this policy are:
- There may be significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and property;
 - The pressures of time are such that an open tender call is not feasible, such as where there has been an unanticipated Council or Government policy decision;
 - Council purchases assets or goods at an auction up to \$100,000;
 - Council purchases second hand assets or goods up to \$100,000;
 - A supplier or contractor is evidenced to be a “sole supplier or contractor” in the market and effectively a niche specialist or monopoly, rendering the tender process redundant;
 - A supplier or contractor who has considerable background knowledge and experience, or specialist expertise on that particular Council project or asset e.g. an extension of a previous project. In such circumstances, the procurement of assets, goods, or services on negotiated fees and terms through that supplier or contractor alone may be deemed sound and advantageous to the project. This could include engaging the supplier or contractor on a retainer basis for a specialised period of time;
 - Continuation of services under an existing purchasing arrangement (i.e., variations/extensions to existing purchase orders or agreements);
 - Goods or services are being provided under an existing purchasing arrangement (i.e., warranty, servicing, maintenance or defects liability); and
 - Where knowledge, design and/or intellectual property is being retained to secure continuity of a staged initiative which may be disadvantaged (e.g., time, objective, financially) if subjected to a further competitive engagement process.
- 8.6 All exemptions approved by the Chief Executive Officer pursuant to Clause 8 of the policy be reported to the Audit Committee on a bi-annual basis.

9. Delegations

- 9.1 Expenditure sub-delegations, detailing authorised purchases, purchasing limits and the ability to enter an agreement are prescribed in Council’s Delegations Register.
- 9.2 This Policy also applies to other delegated bodies of the Council with specific delegated authority to procure good under its Terms of Reference.
- 9.3 Where there is a conflict between the Terms of Reference and this Policy for the procurement of goods or services, this Policy will prevail.

10. Related Documents

Policies

- Caretaker Policy
- Budget Management Policy

- Code of Conduct for Council Employees
- Code of Conduct for Volunteers
- LGA's Model Behavioural Management Policy
- Behavioural Standards for Council Members
- Credit Card Policy
- Delegation Register
- Fraud, Corruption, Misconduct and Maladministration Prevention Policy
- Internal Financial Controls Policy
- Local Government Association Procurement Handbook
- National Competition Policy (Federal)
- Prudential Management Policy
- Risk Management Policy
- Council's Strategic Plan
- Work Health and Safety - Emergency Management Policy
- Work Health and Safety - Contractor Management Policy

Procedures

- Credit Card Receipts Procedure
- Procurement Procedures (related to this Policy)
- Purchase Order Procedure

Others

- Adelaide Plains Council Risk Management Framework
- AS ISO 31000:2018 Risk Management – Guidelines
- Acquisition Plan template

11. Information Management

All documents relating to this Policy will be registered in Council's Electronic Document and Records Management System (EDRMS) and remain confidential where identified.

12. Document Review

This Policy will be reviewed periodically to ensure legislative compliance and that it continues to meet the requirements of Council and its activities and programs.

13. References

This Policy should not be considered as the only document that may relate to procurement; other tiers of government, agencies or organisations may have legislation or policies that also apply.

- *Competition and Consumer Act (Cth) 2010*
- *Competition Policy Reform (SA) Act 1996*
- *Criminal Law Consolidation Act 1935*
- *Disability Inclusion Act 2018*
- *Environment Protection Act 1993*
- *Freedom of Information Act 1991*
- *Independent Commission Against Corruption Act 2012*
- *Industry Advocate Act 2017*
- *Local Government (Elections) Act 1999 – Caretaker Provision*

- *Local Government Act 1999*
- *Local Government (Financial Management) Regulations 2011*
- *Modern Slavery Act (Cth) 2018*
- *Ombudsman Act, 1972*
- *State Records Act 1997*
- *Trades Practices Act (Cth) 1974*
- *Work Health and Safety Act (SA) 2012 and Regulations 2012*

14. Further Information

Members of the public may inspect this Policy free of charge on Council's website at www.apc.sa.gov.au or at Council's Principal Office at:

2a Wasleys Road, Mallala SA 5502

A copy of this Policy may be obtained on payment of a fee.

Any queries in relation to this Policy must be made in writing to info@apc.sa.gov.au to the Attention of Chief Executive Officer of the Council.