POLICY

Policy Name	Procurement Policy
Policy Category	Statutory
Department / Officer	Chief Executive Officer/ Office of the CEO and Mayor
Date Adopted	28 June 2008
Date/s Reviewed	26 September 2011; 24 March 2014; 15 December 2014 - amendment; 28 September 2015; 28 August 2017, 26 November 2018, 22 November 2021; 27 July 2026
Review Frequency	Every three years
Strategic Plan Reference	Aspiration 6 – We are a financially sustainable and well-governed organisation
Attachments	Attachment 1 – Procurement Thresholds

1. Purpose

The purpose of this policy is to establish a framework of principles relating to the procurement activities undertaken by Council in accordance with Section 49(a1) of the *Local Government Act 1999*, for when Council acquires goods and services.

2. Scope

This Policy applies to any person whether employee or contracted/engaged, who has been authorised to undertake the procurement of goods, works or services for and on behalf of Council (Delegated Officers).

This Policy does not apply to:

- non-procurement expenditures such as sponsorships, grants, funding arrangements, donations and Council employment contracts;
- the disposal of land and other Assets owned by Council;
- the purchase of land by Council; or
- unsolicited Proposals

3. Policy Statement (Summary)

The Council will promote procurement practices that achieve value for money with an acceptable level of risk, maintain ethical and sustainable conduct with consideration to probity and accountability, transparency, and support local business. Efficient procurement processes should be aligned with Council's Community Plan 2030, Long Term Financial Plan, Annual Business Plan, Environmental and Social sustainability commitments and department budget requirements.

4. Legislation and Compliance

In accordance with Section 49 of the *Local Government Act 1999* (the Act) Council must prepare and adopt policies on contracts and tenders including:

- The contracting out of services;
- Competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
- The use of local goods and services.

In addition, Section 49 (a1) of the Act, requires Council to develop and maintain policies, practices and procedures directed towards:

- Obtaining value in the expenditure of public money;
- Providing for ethical and fair treatment of participants; and
- Ensuring probity, accountability and transparency in all operations

Procurement activities requiring public consultation will be undertaken in accordance Council's Public Consultation Policy as well as this policy.

5. Definitions

Artificial Intelligence (AI) Tools means digital systems that apply automated reasoning, pattern recognition, machine learning, natural language processing, or generative functions to support or perform analytical or administrative tasks.

Activity Area means the program area within the annual budget as presented in the Annual Business Plan.

Consultant is a person or company who provides professional or expert advice in a particular area, where Council is unable to provide the resource internally. A consultant operates independently from Council.

Expenditure Authorisation *is* a schedule that identifies council employees who are authorised to sign a Purchase Order or Works Order for the supply of goods and/or services relevant to their position, subject to the expenditure limit identified within Council's Delegations Register and Internal Control procedure (authorised by the Chief Executive Officer under Section 137 of the *Local Government Act 1999)*.

Local Supplier means a supplier or business who has its principal business within the Southern Fleurieu Peninsula.

Officer means all Council employees and agency staff.

Procurement Activity means the process of acquiring goods and/or services, including but not limited to:

- seeking and receiving offers (quotations and tenders);
- evaluating offers;
- negotiating contracts; and/or
- awarding contracts.

Purchase Order means a contract document provided to a supplier authorising a purchasing transaction.

Tender means a proposal, bid or offer that is submitted in response to a Request for Tender.

VendorPanel is Council's Pre-Qualified Contractor Register, which is a secure web-based system used to increase efficiency, transparency and compliance when requesting quotations from prequalified suppliers.

Whole of life cost means the total net cost of goods or products including the initial procurement costs, operating and maintenance costs.

6. Policy Content

6.1 Procurement Principals:

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

6.1.1 Fair and effective competition

All purchasing activities should be open and encourage effective competition. Council must give fair and equitable consideration to prospective suppliers.

6.1.2 Obtaining value for money

At all times, officers engaged in any procurement activity shall pursue value for money and be able to demonstrate that value for money has been obtained. Consideration will be given to:

a) the overall objective of the procurement aligned to Council's long-term plan and strategic direction;

b) any relevant direct and indirect benefits to Council, both tangible and intangible;

c) financial considerations, including all relevant direct and indirect benefits and costs over the whole procurement cycle, cost-related factors and transactions costs associated with the acquisition, use, holding, maintenance and disposal;

d) non-cost factors and other value-add functions, such as fit for purpose, quality, contribution to local economy/community, sustainability impacts and/or environmental benefits;

e) efficiency and effectiveness of the proposed procurement activity;

f) Council's internal administration costs;

g) technical compliance issues; and

h) appropriate level of risk.

6.1.3 Ethical Practices, Professional Integrity, Probity and Conflict of Interest

Any officer engaged in procurement shall, at all times, conduct themselves with impartiality, fairness, openness and integrity in all discussions and negotiations with suppliers and their representatives.

Officers will demonstrate probity and accountability in all procurement activities through documented, consistent and transparent practices; ensuring Expenditure Authorisations are adhered to. Procurement practices will ensure the highest standards of professionalism, probity and ethical conduct, whilst applying the principle of effective competition.

Conflicts of interest, gifts and gratuities must be disclosed and managed in accordance with Council's Code of Conduct for Employees, Conflict of Interest and Gifts and Benefits procedures, and Fraud and Corruption Policy. Any potential conflicts of interest identified prior to or during the procurement activity must be declared.

6.1.4 Confidentiality

All procurement information must be treated and managed as confidential. Where required, internal stakeholders and the evaluation panel involved in a procurement activity, will sign a Declaration of Conflict of Interest and Confidentiality.

Confidentiality of Council information must also be considered.

6.1.5 Document Management and Storage

All documents relating to procurement activities must be managed and stored in accordance with legislative requirements, organisational requirements and Council's Records Management Policy.

Council's Contracts and Tenders Registers should include a summary of contracts, including contract values.

6.1.6 Buy Local and Social Procurement

Social procurement considerations aim to encourage the reasonable opportunity and participation of local suppliers and manufacturers, Aboriginal and Torres Strait Islander businesses and not-for-profit organisations that benefit the community. Where practicable, opportunity must be given for local economic benefit including the use of Australian made goods and suppliers whose activities contribute to the economic and community benefit and development of the region.

A weighting of up to 20% is encouraged to be applied where local suppliers are available.

Local contribution may include:

- the creation of local employment opportunities;
- increased availability of local servicing support;
- economic growth within the local area including the use of Australian made goods and suppliers;
- benefit to Council of associated local commercial transactions;
- the short and long term impact of the procurement on local business; and/or
- level of activity in and support of the community.

During Procurement planning, any exceptions to this must be provided in writing for approval by the relevant Director.

Council may include other criteria and/or weightings with consideration to social procurement benefits such as:

- Aboriginal and Torres Strait Islander suppliers;
- Community focus and not-for-profit organisations;
- Positive community contributions; and/or
- Australian supply chains.

6.1.7 Environmental protection and sustainable procurement

Sustainability in procurement takes into account social (refer section 6.1.6), economic and environmental factors when procuring goods and/or services.

In undertaking any procurement activity Council will, wherever possible:

a) adopt procurement practices which conserve natural resources and principles of ecological sustainability;

b) support suppliers who are socially responsible and adopt ethical practices and select goods and services that achieve value for money on a whole of life basis in terms of generating benefits not only to Council, but also to society, community and the economy, whilst minimising damage to the environment.

c) integrate relevant principles of waste minimisation and energy; and

d) promote the use of environmentally sensitive goods and services to businesses, industry and the community.

6.1.8 Workplace Health and Safety

Council is committed to ensuring a safe workplace for employees, suppliers, contractors and the community. It is therefore essential that Work Health and Safety (WHS) considerations are included in procurement decision-making including the use and disposal of any goods and through the engagement of service providers.

Contractors are obliged to comply with Council's direction in relation to WHS and environmental practices. Additional WHS considerations and requirements are included in Tender processes and conditions of contract.

Officers involved in procurement must ensure that:

a) goods and services comply with all relevant safety legislation and/or industry standards;

b) consult with end users and relevant representatives as appropriate prior to the purchase and subsequent disposal of goods; and

c) hazardous materials and chemicals are minimised to the lowest practical level.

6.1.9 Artificial Intelligence (AI) Tools

AI may only be used within procurement where explicit written approval is granted by the Chief Executive Officer and solely for clearly defined support functions that do not influence evaluation or decision-making. Council maintains this position to uphold probity, transparency, and the reliability of human judgement in all procurement assessments.

6.2 Procurement Methods

Council can use various procurement methods depending on the complexity of the procurement and risk assessment.

6.2.1 Thresholds

A summary of Council's procurement thresholds, which may be varied at the discretion of the Chief Executive Officer is as follows:

Type	Estimated Value (Ex GST)	Method of Procurement
Direct	$0 to $10,000	Verbal / Written Quote(s)
Minor	$10,001 - $50,000	At least two written quotes
Major	$50,001 - $150,000	At least three written quotes
Tender	>$150,000	Tender Process

The above table is to be read in conjunction with the Purchasing Procedures and the table provided at Attachment 1.

6.2.2 Alternative Methods

6.2.2.1 Expression of interest

An EOI may be issued to a selective or open market where there is a large supplier base or where supplier capability and capacity are unknown. The purpose of an EOI is to identify suitable suppliers and establish a shortlist for subsequent RFQ, RFT or RFP processes.

6.2.3 Request for Proposal (RFP)

An RFP may be used where Council seeks innovative solutions, alternative delivery approaches, or where outcomes are defined but the method of achieving those outcomes is not. RFPs allow suppliers to propose methodologies, designs, or value-added solutions. Evaluation of RFPs must follow the same probity, transparency, and documentation standards as formal tenders.

6.2.4 Unsolicited Proposals

Council welcomes opportunities to partner with individuals and organisations whose ideas, innovation and initiative contribute to positive outcomes for the community and will be considered in accordance with Councils Unsolicited Proposal Policy and Guidelines.

6.3 Purchase Orders

Once the appropriate threshold has been considered and procurement activity undertaken, a purchase order must be raised and approved prior to the commitment of Council funds.

6.3.1 Exemptions

6.3.1.1 *Prior to commitment not required*

The following purchases are exempt from requiring a purchase order prior to commitment:

- low value < $200;
- schedule of rates, under a panel arrangement;
- Council wide expenses where multiple Activity Areas incur a portion of the expense: Stationary and Australia Post (other expenses need to be referred to Accounts Payable and the Procurement Officer for approval);
- project variations, where there is a Contract in place and prior acceptance of the expenditure as a variation has been approved by the Budget Officer applicable to the dollar value of the variation; or
- confidential or sensitive matters, for example Employee Assistance Program and medical related expenses.

6.3.1.2 Purchase order not required

The following purchases are exempt from requiring a purchase order:

- Utilities
- Grants and Donations
- Employee and volunteer reimbursements
- Council Member allowances and reimbursements
- Supplementary labour hire, including traineeship payments
- Corporate Credit Card Transactions
- Store accounts, however a Standing Order is encouraged

6.4 Contracts

Council will use contracts to secure various goods and services particularly for high value and construction projects, or where it is important to manage risk and will be managed in accordance with councils procedures.

6.5 Standing Offer and Panel Arrangements

At times, Council establishes standing offer arrangements, which can include contracts, for the continuing offer by a supplier or suppliers to provide specific goods and/or services for a predetermined length of time, usually at a predetermined price (or a basis to determine the price) but with no commitment made to purchase.

6.6 Store Accounts

Council may operate individual store or trading account systems with local businesses to facilitate efficient procurement of minor goods.

6.7 Corporate Credit Cards

Corporate Credit Cards must only be used for official Council business and under Direct Procurement procedures for transactions which are discretionary spend, considered low value and low risk.

Each Corporate Credit Card has an individual limit capping the maximum amount that can be purchased in one transaction and over the course of the transacting period.

A Corporate Credit Cardholder:

- must verify all transactions with a taxation receipt/invoice at the completion of a transaction to ensure accurate documentation and record keeping for audit purposes.
- cannot use the card to obtain cash from a bank or EFTPOS facility.

All Corporate Credit Card Transactions are made in accordance with the issuing Financial Institution's Conditions of Use and the City of Victor Harbor's Corporate Credit Cardholder Agreement Form, which specifies the Terms and Conditions of usage.

A Corporate Credit Card register providing details of current card holders, spend cap and transaction limits in accordance with Financial Authorisation is included in Councils Delegations Register.

6.8 Strategic Alliances

A Strategic Alliance allows Council to undertake a procurement activity utilising contract arrangements that are already established and administered by other organisations including, but not limited to:

- Local Government Association Procurement
- Procurement Australia
- State Government contracts
- Other Councils

6.9 Prudential Requirements

A 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.

All procurement activities must be undertaken in accordance with Council's Prudential Management Policy.

6.10 Exemptions from this Policy

The Council or the Chief Executive Officer will determine exemptions from this Policy, including emergency situations and any deviations from the procurement thresholds.

The Chief Executive Officer in approving any exemption, will consider the scale, scope and relative risk of the purchase including the principles defined in this Policy.

A Waiver to the Procurement Policy application must be completed for approval. Any request to waive a competitive procurement activity should not be viewed as a mechanism to remove the need for rigorous and strategic procurement planning.

6.11 Reporting

Quarterly reporting will be provided to the Senior Management Team including, but not limited to, procurement processes undertaken, compliance with policy and procedures and outcomes of monitoring relating to cumulative spends, panel contracts and recommendations for improvement.

An Annual Report will be provided to the Audit and Risk Committee annually outlining compliance and any waivers to this Policy.

7. Risk Management

Regardless of the cost, procurement of goods and/or services attracts and/or mitigates some level of risk exposure. As a result, the first consideration that needs to be made in any procurement decision-making process is what level of risk is acceptable and accordingly, what level of risk mitigation is required to reduce residual risk to acceptable levels.

A procurement risk assessment associated with the procurement activity, may include but is not limited to: financial, supply, legal, reputation, probity, work health safety and welfare considerations, sustainability, public safety and political risks.

Where any goods or services contracts proposing unconventional or multiparty fee structuring (such as the paying of performance fees), especially those related to large capital works or other financially significant projects, a risk assessment shall be conducted. These risk assessments shall be referred to the Audit and Risk Committee for their consideration and advice.

Requests for Tenders and contracts need to be referred to the Procurement Officer in the first instance.

8. Delegation

The Chief Executive Officer has the delegated authority to implement this Policy.

9. Related Documents

Artificial Intelligence (AI) Policy
Behavioural Management Standards for Employees
Conflict of Interest Policy, Procedure and Form
Corporate Credit Cardholder Agreement Form
Delegations Register
Disposal of Land and Other Assets Policy
Fraud, Corruption, Misconduct and Maladministration Prevention Policy
Gifts and Benefits Procedures
Privacy Policy

Prudential Management Policy
Records Management Policy

10. Availability of Policy

This policy is available on Council's website at www.victor.sa.gov.au.

PROCUREMENT THRESHOLDS			
VALUE	**TYPE / METHOD**	**REQUIREMENTS**	**AUTHORISATION/ CONSULTATION**
$0 to $10,000	Direct Procurement Vendor Panel Direct Email	Routine and transactional purchases – **Direct** Purchase from a single source with value for money outcomes (quality, costs, fitness for purpose, timelines and risk) Market test prices every two years Consider recurring transactions with same supplier in reference to threshold **Purchase Order as per Section 6.3 of Policy**	Budget Officer in accordance with Financial Delegations
$10,001 to $50,000	Minor Procurement - Vendor Panel Direct Email	**Request for Quote (RFQ) - Minimum 2 written quotes** Procurement Plan completed prior to commencement Sourcing through OneCouncil – Approach to Market Assessment based on agreed evaluation criteria. **Purchase Order as per Section 6.3 of Policy** **Alternative Methods as per Section 6.2.2. of Policy**	Budget Officer in accordance with Financial Delegations in consultation with relevant Director
$50,001 to $150,000	Major Vendor Panel or SA Tenders	**Request for Quote - Minimum 3 written quotes** Procurement Plan completed prior to commencement Sourcing through OneCouncil – Approach to Market Assessment based on agreed evaluation criteria. **Alternative Methods as per Section 6.2.2. of Policy** **Purchase Order as per Section 6.3 of Policy**	Budget Officer in accordance with Financial Delegations in consultation with relevant Director
$150,001 and above	Formal Request for Tender Expression of Interest Request for Proposal – SA Tenders	**Request for Tender (RFT) - Refer to Procurement Officer.** Procurement Plan completed prior to commencement Sourcing through OneCouncil – Approach to Market Assessment based on agreed evaluation criteria. **Purchase Order as per Section 6.3 of Policy** **Alternative Methods as per Section 6.2.2. of Policy**	Within approved budget – CEO All other - Council