

Procurement Policy

Purpose	Council will adopt and implement a structured and systematic approach to Purchasing and Procurement with the aim of improving its decision-making practices, performance and thereby increasing confidence to the achievement of our Strategic Vision, Goals, and Priorities.
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Policy Statement	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: <ul style="list-style-type: none">• 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.• 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. Our Approach 2.1 Regularly review, update and adopt leading strategic financial, governance and risk management processes. 2.2 Provide sufficient resources to meet current and future needs of the community.
	3. Policy Objectives / Scope / Actions 3.1 Procurement Governance Principles <ul style="list-style-type: none">• The following governance principles underpin all procurement activities for all Council representatives:<ul style="list-style-type: none">○ 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.

- 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.
 - 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.
 - Risk Management ensures that appropriate risk management practices are in place for procurement activities including risk identification, assessment, and implementation of risk mitigation controls.
 - 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.
 - Compliance with Statutory Obligations refers to the obligation to comply with all legal and common law obligations.
 - 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.
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- 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:
 - Support businesses and organisations with policies and practices that ensure social inclusion;
 - Support businesses and organisations that provide opportunities for people who are vulnerable or disadvantaged;
 - Support the Local Economy;
 - Advocate for the development of products and services which generate social value; and
 - Provide leadership to business, industry and the community in promoting the use of goods and services which generate social value.
 - Environmental Sustainability refers to Council's commitment to resource conservation and healthy habitats. Where reasonably practicable, Council will:
 - Adopt purchasing practices which minimise waste and pollution and conserve natural resources;
 - Purchase products with recycled content, with weighting assigned to Circular Procurement in performance assessments of products that can include recycled content;
 - Support businesses and organisations with policies and practices that ensure environmental protection and conservation of resources;
 - Advocate for the development of products and services which have a low environmental impact; and
 - Provide leadership to business, industry and the community in promoting the use of environmentally appropriate goods and services.
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- 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.
- 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.
- For the purposes of this Policy, an unsolicited proposal as defined above is initiated by an existing or prospective supplier to Council will constitute an unsolicited proposal, regardless of the nature or value associated with the proposal.

3.2 Procurement Lifecycle Elements

- Each procurement of goods, works or services involves common elements at each stage of the procurement lifecycle, prior to engaging or executing a contract.
- 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:
 - Planning the desired outcome (including budget approval);
 - Approaching the market;
 - Evaluating market responses;
 - Contract Negotiation
 - Recommending successful responder;
 - Contract Execution;
 - Contract Performance Management; and
 - Contract Close Out.

3.3 Procurement Thresholds and Methods

- The initiation of any procurement process must be approved by the delegated authorising officer. These activities must
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comply with the Financial Delegations Policy and the Prudential Project Management Policy (if applicable)

- The determination of the procurement method will be undertaken in strict accordance with the Procurement Thresholds Matrix Appendix 1, subordinate to this Policy.
 - 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.
 - All values stated are excluding GST.
 - Splitting of amounts to bring expenditure within lower limits is not permitted.
 - If all of quotes from market exceed the threshold, the requirements of the relevant threshold apply. I.e. If all of the 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).
 - 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.
 - Council and its officer must also continue to observe Codes of Conduct and other Policies and Protocols providing guidance on potential conflicts of interest, fair and transparent business transactions and undertaking risk averse decision making, in consideration of all aspects of a proposal.
 - Panel Contracts - Prequalification of Suppliers (Vendor Panel)
 - 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.
 - 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.
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- Participation in this process will allow contractors to become a Preferred Supplier for particular types of goods, works and services.
- 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.
 - 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:
 - Panel / Strategic Alliance Panel arrangement: Process to be followed has been detailed above.
 - 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.

3.4 Contract Execution

- Council may select from the following methods of executing a Contract and these may be executed through the use of electronic signatures:
 - Purchase Order;
 - Letter of Award;
 - Conditions of Contract;
 - Panel Header Agreement; or
 - Memorandum of Understanding.

3.5 Contract Variations

- 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.
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- Any contract variations should be approved by the delegated authority and managed in line with Procurement (Contract Management) Protocol.
- Splitting of variations to bring expenditure within lower limits of delegated authority is strictly prohibited.

3.6 Purchase Order Governance

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

3.7 Dispensations from Policy

- 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.
- 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.
- 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.

- An approach to market is not required if additions or modifications are being made to the existing Enterprise Resource Planning (ERP) platforms.
- Any procurement dispensations are required to be approved by the relevant delegated authority and the Chief Executive Officer (CEO).
- Any dispensation over \$100,000 is to be included in the CEO monthly report to Council.

3.8 Outsourcing

- 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.

3.9 Complaints

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

3.10 Work Health and Safety

- 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.
- 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.

Other Useful Documents

Related Documents

- Procurement Governance Framework
- Corporate Credit Card Policy
- Fraud, Corruption, Misconduct and Maladministration Prevention Policy
- Risk Management Policy

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- Internal Financial Control Framework
 - Prudential Project Management
 - Complaint Handling
 - Sale or Disposal of Assets Policy

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*
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Glossary

Throughout this document, the below terms have been used and are defined as:

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

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

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

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

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

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

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Employee: a person employed by, or contracted to fulfil agreed tasks for, the City of Burnside.

Expression of Interest (EOI): 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.

Header Agreement: overarching panel or strategic alliance agreement.

Letter of Award: an engagement letter linking back to the Header Contract for a panel/strategic alliance.

Open Tender: a tender is advertised to the entire market via an open invitation process e.g. SA Tenders website accompanied by an advertisement.

Panel Contract: 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).

Probity: a risk management approach to ensure that selection and decision-making processes will be found to be honest, fair, transparent and defensible if scrutinised.

Project Manager: 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.

Purchase Order: 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.

Quotation (Quote): 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.

Request for Estimate (RFE): a means for the Council seeking indicative costs from the market without making a firm commitment to engage the supplier in the contract.

Request for Information (RFI): 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.

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Request for Tender (RFT): an invitation to tender based on clearly defined and specific statement of requirements.

Request for Quotes (RFQ): an invitation for quotations based on clearly defined and specific statement of requirements.

Select Tender or Selective Tender: 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.

Strategic Alliances: 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.

Whole of Life Cost: 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).

Administrative

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.

As part of Council's commitment to deliver the City of Burnside Strategic Community Plan, services to the community and the provision of transparent information, all policy documents are reviewed as per legislative requirements or when there is no such provision a risk assessment approach is taken to guide the review timeframe.

This Policy document will be reviewed every 4 years unless legislative or operational change occurs beforehand.

Adoption Date: 15 October 2024

Review Date: October 2028

Strategic Plan Reference

Principles: Spans all Strategic Plan Principles

Theme: Spans all Strategic Plan Themes

Goals: Spans all Strategic Plan Goals

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Priorities: Spans all Strategic Plan Priorities

Review History

ECM Reference:	Authorising Body:	Date/Decision ID	Description of changes
4130816	Council	May 2003	
		28 August 2018, C11786	
		23 February 2021, C230221/12759	
		15 October 2024 102024/13786	Updated policy

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