

POLICY 5.18

Finance and Internal Controls

Procurement

Version: 2 | Next Review: 2026

1. INTRODUCTION

- 1.1 The procurement function is founded on the maintenance and consistent implementation of new delegations, policies and procedures and the demonstrated commitment from employees to maintaining the integrity of these. Reference to “Council” in this Policy includes any employee of Council with lawful delegated powers and duties relating to procurement.
- 1.2 In compliance with Section 49 of the Local Government Act 1999 (**Act**), Council should refer to this policy (**Policy**) when acquiring goods and services.
- 1.3 Section 49 of the Act requires Council to prepare and adopt policies on contracts and tenders on:
 - 1.3.1 the contracting out of services; and
 - 1.3.2 competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
 - 1.3.3 the use of local goods and services.
- 1.4 Furthermore, Section 49 (a1) of the Act requires Council to develop and maintain policies, practices and procedures directed towards:
 - 1.4.1 obtaining value in the expenditure of public money; and
 - 1.4.2 providing for ethical and fair treatment of participants; and
 - 1.4.3 ensuring probity, accountability and transparency in all operations.
- 1.5 This Policy seeks to:
 - 1.5.1 define the methods by which Council can acquire goods and services;
 - 1.5.2 demonstrate accountability and responsibility of Council to ratepayers;
 - 1.5.3 be fair and equitable to all parties involved;
 - 1.5.4 enable all processes to be monitored and recorded; and
 - 1.5.5 ensure that the best possible outcome is achieved for the Council.
- 1.6 However, this Policy does not cover:
 - 1.6.1 non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts; or
 - 1.6.2 the procurement of goods and services on behalf of a community group, or where the funds have been donated to Council for the procurement of specific good and services, and the community group or donor has already identified a preferred product and supplier.
 - 1.6.3 the disposal of land and other assets owned by the Council; or
 - 1.6.4 the purchase of land by the Council.

2. POLICY OBJECTIVE

Council aims to achieve advantageous procurement outcomes by:

- 2.1 enhancing value for money through fair, competitive, non-discriminatory procurement;
- 2.2 promoting the use of resources in an efficient, effective and ethical manner;

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- 2.3 making decisions with probity, accountability and transparency;
- 2.4 advancing and/or working within Council’s economic, social and environmental policies;
- 2.5 providing reasonable opportunity for competitive local businesses to supply to Council;
- 2.6 appropriately managing risk; and
- 2.7 ensuring compliance with all relevant legislation.

3. **PROCUREMENT PRINCIPLES**

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

3.1 *Encouragement of open and effective competition*

3.2 *Obtaining Value for Money*

3.2.1 This is not restricted to price alone.

3.2.2 An assessment of value for money must include, where possible, consideration of:

- 3.2.2.1 the contribution to Council’s long-term plan and strategic direction;
- 3.2.2.2 any relevant direct and indirect benefits to Council, both tangible and intangible;
- 3.2.2.3 efficiency and effectiveness of the proposed procurement activity;
- 3.2.2.4 the performance history, and quality, scope of services and support of each prospective supplier;
- 3.2.2.5 fitness for purpose of the proposed goods or service;
- 3.2.2.6 whole of life costs;
- 3.2.2.7 Council’s internal administration costs;
- 3.2.2.8 technical compliance issues;
- 3.2.2.9 risk exposure; and
- 3.2.2.10 the value of any associated environmental benefits.

3.3 *Probity, Ethical Behaviour and Fair Dealing*

Council is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations.

3.4 *Accountability, Transparency and Reporting*

3.5 *Ensuring compliance with all relevant legislation*

3.6 *Encouragement of the development of competitive local business and industry*

Where the evaluation criteria are comparable, Council may consider the following:

- 3.6.1 the creation of local employment opportunities;
- 3.6.2 increased availability of local servicing support;
- 3.6.3 increased convenience with communications with the supplier for contract management;
- 3.6.4 economic growth within the local area;
- 3.6.5 benefit to Council of associated local commercial transaction; and/or

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3.6.6 the short- and long-term impact of the procurement on local business.

3.7 *Environmental protection*

Council will seek to:

- 3.7.1 adopt purchasing practices which conserve natural resources;
- 3.7.2 align the Council's procurement activities with principles of ecological sustainability;
- 3.7.3 purchase recycled and environmentally preferred products where possible;
- 3.7.4 integrate relevant principles of waste minimisation and energy;
- 3.7.5 foster the development of products and services which have a low environmental impact;
- 3.7.6 provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.

3.8 Occupational, Health & Safety

Council will seek to:

- 3.8.1 ensure that all contractors working for the Council are committed to work health and safety, as well as being competent in the provision of the contracted goods or services.
- 3.8.2 to select, induct and monitor contractors and maintain WHS records relating to the work undertaken.

3.9 Insurances and Indemnities

- 3.9.1 Council will ensure that all contractors working for the Council hold all necessary insurances and provide all necessary indemnities to the Council in respect of third-party loss, injury or damage.

4. **PROCUREMENT 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 outcome for the Council. In such instances, other market approaches may be more appropriate.

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:

4.1 *Direct Purchasing*

- 4.1.1 This is where Council purchases from a single source, without first obtaining competing bids.
- 4.1.2 This method may be suitable for low value, low risk goods and services, and where the supplier already has a successful service history with the Council.

4.2 *Quotations (Informal)*

- 4.2.1 This is where Council obtains quotations from prospective suppliers.
- 4.2.2 Generally, a minimum of three quotations are sought.
- 4.2.3 Where possible, the Council must insist on written quotes.

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- 4.2.3.1 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.
- 4.2.4 This method may be suitable for low value, low risk goods and services.
- 4.3 *Purchase Orders*
- 4.3.1 This is where Council is purchasing routine, low value and low risk goods and services.
- 4.3.2 Generally, Purchase Orders have limited terms and conditions and should not be used for non-routine, high value and high-risk goods and services.
- 4.4 *Request for Quotations (RFQ)*
- 4.4.1 This is where Council obtains written quotations from prospective suppliers.
- 4.4.2 Generally, a minimum of three written quotations are sought.
- 4.4.3 This method may be suitable for simple, largely price-based purchases.
- 4.4.4 A “Short Form Request for Quotation” can be used for purchases with minimal specifications.
- 4.4.5 A “Long Form Request for Quotation” can be used for purchases with detailed specifications.
- 4.5 *Requests for Expressions of Interest (REOI)*
- 4.5.1 This is where Council issues an open invitation for a proposed goods and/or service.
- 4.5.2 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.
- 4.6 *Request for Tenders (RFT)*
- 4.6.1 This is where the Council issues a tender for a proposed goods and/or service.
- 4.6.2 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.
- 4.6.3 Otherwise, Council may issue an “Open” Request for Tender.
- 4.7 *Panel contracts*
- 4.7.1 This is where the Council establishes panel arrangements with a select group of suppliers. Generally, this occurs once the Council has completed its appointment of such suppliers in accordance with this Policy, and can include either:
- 4.7.1.1 a standing offer from a pool of suppliers for the provision of goods and services on agreed terms; or
- 4.7.1.2 the prequalification of certain suppliers who may or may not be engaged on terms to be agreed.
- 4.7.2 Once a panel has been established, the Council may purchase the particular goods and/or service through such panel arrangements.

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4.8 Strategic alliances

4.8.1 This is where the Council undertakes procurement through contract arrangements already established and administered by other organisations, including:

4.8.1.1 LGA Procurement;

4.8.1.2 a purchasing group of which the Council is a member;

4.8.1.3 State Government contracts.

5. CONSIDERATIONS FOR THE COUNCIL

The appropriate method of procurement will be determined by reference to a number of factors, including:

5.1 Value of the Purchase

Value of Purchase (\$)	Possible Method of Procurement
Up to and including \$10,000	At least 1 verbal or written quotation
\$10,001 - \$50,000	At least 3 verbal or written quotations
\$50,001 - \$100,000	Request for Quotation (RFQ)
\$100,001 or greater	Request for Tender (RFT) or Request for Quote (RFQ) from pre-qualified supplier panel or Request for Expression of Interest (REOI)
Light Vehicles purchased at Government Fleet Subsidy cost	At least 1 written quotation

The value of the purchase will be calculated as follows:

- *single one-off purchase* – the total amount, or estimated amount, of the purchase (excluding GST);
 - *multiple purchases* – the gross value, or the estimated gross value, of the purchases (excluding GST); or
 - *ongoing purchases over a period of time* – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST).
- 5.2 *cost of an open market approach versus the value of the acquisition and the potential benefits;*
- 5.3 *the particular circumstances of the procurement activity;*
- 5.4 *the objectives of the procurement;*
- 5.5 *the size of the market and the number of competent suppliers;*
- 5.6 *the Council's leverage in the marketplace;*
- 5.7 *time constraints;*
- 5.8 *a global assessment of the risks associated with the relevant activity and /or project, including the risk profile of the procurement and any risks associated with the preferred procurement method*

6. RECORDS

The Council must record written reasons for utilising a specific procurement method in each activity and where it uses a procurement method other than tendering.

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7. COUNCIL ORDER FORMS

- 7.1 All goods or services shall be obtained only by use of a Council Order Form provided that in urgent cases goods or services may be ordered subject to confirmation by an official order.
- 7.2 Order forms shall be numbered consecutively, with a register of all order forms to be maintained under the control of the Chief Executive Officer.
- 7.3 It shall not be necessary to issue a Council Order Form for:
- 7.3.1 *Fees or payments imposed under any Act;*
 - 7.3.2 *payments pursuant to any Award binding upon Council;*
 - 7.3.3 *payments pursuant to any Court Order binding upon Council;*
 - 7.3.4 *if the goods or services are below the value of \$100 and the invoice is signed by the employee with the employee's name printed;*
 - 7.3.5 *Premiums associated with Local Government Risk Services;*
 - 7.3.6 *Supply of utilities (water, energy etc.);*
 - 7.3.7 *Supply of fuel (diesel, petrol etc.);*
 - 7.3.8 *Goods and services contracted by Council;*
 - 7.3.9 *Postage;*
 - 7.3.10 *Statutory charges;*
 - 7.3.11 *Government levies, fees and charges;*
 - 7.3.12 *Freight charges;*
 - 7.3.13 *Legal Expenses;*
 - 7.3.14 *LGA, EPLGA & RDAEP subscriptions.*
- 7.4 Order Forms shall have the following details:
- 7.4.1 *date of order*
 - 7.4.2 *suppliers name*
 - 7.4.3 *details of goods ordered*
 - 7.4.4 *agreed prices where available. If prices are unavailable the order form should note an estimate of the value of the goods or services ordered*
 - 7.4.5 *budget allocation account number*

8. CORPORATE CREDIT CARDS

- 8.1 The business limit for corporate credit cards is \$33,000. Council authorises the following members and employees to use corporate credit cards for Council business only:

Mayor	\$5,000
Chief Executive Officer	\$5,000
Deputy Chief Executive Officer	\$5,000
General Manager Works and Infrastructure	\$5,000
General Manager Environmental Services	\$5,000
Executive Assistant	\$5,000
Works Supervisor	\$3,000

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- 8.2 All credit card expenditure must be justified with all tax invoices.
- 8.3 All transactions on the credit card statement must be signed for by the card holder.
- 8.4 Prior to the issue of a credit card, members and employees are required to sign a 'Credit Card Declaration' confirming compliance with Council policy and procedures.

9. EXEMPTIONS FROM THIS POLICY

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.

In certain circumstances, the Council may, after approval from its elected members, waive application of this Policy 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.

The Council has delegated authority to the Chief Executive Officer to initiate procurement processes that waive the application of this Policy if deemed necessary in the circumstances described on 8.1 and 8.2.

9.1 *Emergency Expenditure*

- 9.1.1 Council is authorised to procure goods or services, and expend funds that are unbudgeted for if the expenditure relates to the continuation of emergency or essential Council services including but not limited to stormwater, effluent systems, public health, etc.
- 9.1.2 Expenditure of this nature that is unbudgeted for must be reported to elected members at their next available meeting for endorsement and reallocation of budget funds.

9.2 *Financial or Commercial Suffering*

- 9.2.1 The procurement of unbudgeted goods or services that would, if not undertaken, cause Council to suffer financially or commercially can be undertaken subject to the following of the process prior to committing Council to any future financial liability:
 - 9.2.1.1 identification of the required commitment to be communicated to the Chief Executive Officer in the first instance;
 - 9.2.1.2 analysis of financial or commercial implications on Council to be detailed by Chief Executive Officer;
 - 9.2.1.3 Consideration between the Mayor and Chief Executive Officer to call a Special Meeting of Council to consider the nature of commitment;
 - 9.2.1.4 If it is not possible or practical to call a Special Meeting of elected members, expenditure can be authorised subject to joint approval from the Mayor, Deputy Mayor, Chief Executive Officer, and one other member of Councils Management Executive Team.
 - 9.2.1.5 If possible, any financial commitment of Council must be given "subject to Council approval" (i.e. land purchase, etc.).
 - 9.2.1.6 Expenditure of this nature that is unbudgeted for must be reported to elected members at their next available meeting of Council for endorsement and reallocation of budget funds.

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10. DELEGATIONS

The following Council staff are authorised to procure goods or services within budget area limitations, and with compliance to this policy:

Area of Responsibility	Level of Responsibility Per Item
Organisational	
Chief Executive Officer	Unlimited within budget constraints and compliance with Procurement Policy
Corporate Services	
Deputy Chief Executive Officer	Unlimited within budget constraints and compliance with Procurement Policy.
Executive Assistant	Up to \$5,000 purchases for Elected Member, CEO and Senior Staff travel, meeting, and conference arrangements, training requirements and other administrative items.
Finance Officer Governance & Records Management Officer	Up to \$5,000 purchases for administrative items and training requirements.
Compliance Officer	Up to \$5,000 for items within his direct responsibility.
Community Development Officer	Up to \$5,000 purchases for administrative items, youth activities, tourism and community events.
Administration Officers	Up to \$1,000 for Office requirements.
Operations	
General Manager Works and Infrastructure	Unlimited within budget constraints and compliance with Procurement Policy.
Works Supervisor	Up to \$25,000 within budget restraints and compliance with Procurement Policy.
Project Officer	Up to \$25,000 within budget restraints and compliance with Procurement Policy.
Parks and Gardens Team Leader	Up to \$5,000.
Construction Team Leader	Up to \$5,000.
Building and Development	
General Manager Environmental Services	Unlimited within budget constraints and compliance with Procurement Policy.

11. PRUDENTIAL REQUIREMENTS

11.1 This policy shall be read in conjunction with Council Policy 5.30 *Prudential Management* to ensure that a Council project:

- 11.1.1 is undertaken only after an appropriate level of “due diligence” is applied to the proposed project;
- 11.1.2 managed during the project; and
- 11.1.3 evaluated after the project, to achieve identified public benefits or needs; and to minimise financial risks.

12. POLICY REVIEW

This Policy shall be reviewed following the next council election. However, Council may revise or review this Policy at any time (but not so as to affect any process that has already commenced).

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13. AVAILABILITY OF POLICY

This policy will be available for inspection at the Council's offices during ordinary business hours and via the Council's website www.tumbybay.sa.gov.au. Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

Strategic Reference	Nil
Delegation	Chief Executive Officer
Effective date	10/10/2023
Minutes reference	3c/102023
Next review date	Council Election 2026
Applicable Legislation	Section 49 <i>Local Government Act 1999</i>
Related Policies	5.19 Disposal of Land and Assets 5.30 Prudential Management
Related Documents	Procedure 7.1.18 Council Credit Cards Credit Card Declaration Form

Adopted by Council: 14/09/2021 {Motion No 4c/92021}
 Reviewed by Council: 13/12/2022 {Motion No 8c/122022}
 Amended by Council: 10/10/2023 {Motion No 3c/102023}

Signed:



Responsible Officer

Date: 10/10/2023

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