



POLICY DOCUMENT

7.63.15

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Applicable Legislation:	Competition and Consumer Act 2012 Competition Policy Reform (SA) Act 1996 Criminal Law Consolidation Act 1935 Disability Discrimination Act 1992 Freedom of Information Act 1991 Independent Commissioner Against Corruption Act 2012 Industry Advocate Act 2017 Local Government (Elections) Act 1999 – Caretaker Provision Local Government (Financial Management) Regulations 1999 Local Government Act 1999 Modern Slavery Act (Cth) 2018 Ombudsman Act 1972 State Records Act 1997 Trades Practices Act 1972 Work Health Safety Act 2012 and Regulations 2012
Related Policies:	Caretaker Policy - 9.63.17 Civil Works Policy - 14.63.11 Code of Conduct for Council Employees – 12.63.12 Behavioural Standards for Council Members – 9.63.3 Corporate Credit Card Policy – 7.63.16 Environmental Sustainability Policy – 5.63.11 Fraud and Corruption Prevention Policy – 9.63.21 Guidelines for Unsolicited Proposals Policy - 7.63.18 Internal Financial Control Policy – 7.63.5 National Competition Policy – 7.63.7 Procurement Procedures Prudential (Project) Management Policy – 9.63.24 Records Management Policy – 13.63.3 Risk Management Policy – 18.63.5 Work Health Safety and Return to Work Policy – 12.16.44

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1. INTRODUCTION

- 1.1 The procurement strategy for the City of Port Lincoln (Council) is a decentralised model in which authorised staff implement a centrally managed suite of policies, procedures and templates, subject to continuous improvement review.
- 1.2 The procurement function is founded on the maintenance and consistent implementation of new delegations, policies and procedures and the demonstrated commitment from employees in maintaining the integrity of these. Reference to 'Council' in this Procurement Policy (Policy) includes any employee of Council with lawful delegated powers and duties related to procurement.
- 1.3 In compliance with Section 49 of the Local Government Act 1999 (Act), Council should refer to this Policy when acquiring goods and services.
- 1.4 Section 49 of the Act requires Council to prepare and adopt policies on contracts and tenders on:
 - 1.4.1 the contracting out of services; and
 - 1.4.2 competitive tendering and the use of other measures to ensure services are delivered cost-effectively; and
 - 1.4.3 the use of local goods and services.
- 1.5 Furthermore, Section 49 (a1) of the Act requires Council to develop and maintain policies, practices and procedures directed towards:
 - 1.5.1 obtaining value in the expenditure of public money;
 - 1.5.2 providing ethical and fair treatment of participants; and
 - 1.5.3 ensuring probity, accountability and transparency in all operations.
- 1.6 This Policy seeks to:
 - 1.6.1 define the methods by which Council can acquire goods and services;
 - 1.6.2 demonstrate accountability and responsibility of Council to ratepayers;
 - 1.6.3 be fair and equitable to all parties involved;
 - 1.6.4 enable all processes to be monitored and recorded;
 - 1.6.5 ensure the best possible outcome is achieved for the Council;
 - 1.6.6 remain in alignment with related Council policies and community values; and
 - 1.6.7 ensure all expenditure is conducted in a consistent and controlled manner.
- 1.7 This Policy does not cover:
 - 1.7.1 non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts;

- 1.7.2 the disposal of land and other assets owned by the Council;
- 1.7.3 the purchase of land by the Council; or
- 1.7.4 procurement processes during the Council Caretaker period. These will be conducted under the requirements of the relevant caretaker policy.

2. POLICY OBJECTIVE

Council aims to achieve advantageous procurement outcomes for the City of Port Lincoln 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;
- 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 the development and encouragement of competitive local business and industry;
- 2.6 appropriately managing risk; and
- 2.7 ensuring compliance with all relevant legislation.

3. PROCUREMENT PRINCIPLES

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

3.1 Encouragement of open and effective competition

- 3.1.1 Council will provide supplier markets with clearly defined and scoped opportunities to provide goods and services. This approach will provide visibility of requirements and process to the Council, ratepayers and suppliers and encourage a more competitive environment.
- 3.1.2 Council shall provide opportunities for new suppliers to conduct business with Council.
- 3.1.3 In accordance with the market invitation terms and conditions, staff conducting a procurement process may provide timely responses to queries whilst considering the provision of such clarification to all other interested parties depending on the nature of the response.
- 3.1.4 All respondents requesting feedback regarding unsuccessful tenders and/or quotes will be addressed with transparency of the procurement process leading to the opportunity for continuous improvement.

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 financial 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 and warranties;
- 3.2.2.6 whole of life costs including acquiring, using, maintaining and disposal;
- 3.2.2.7 trade-in values;
- 3.2.2.8 Council's internal administration costs;
- 3.2.2.9 technical compliance issues and costs;
- 3.2.2.10 risk exposure;
- 3.2.2.11 the value of any associated environmental benefits and/or impacts; and
- 3.2.2.12 prevailing market forces and trends.

3.3 Probity, Ethical Behaviour and Fair Dealing

- 3.3.1 Council is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations and ongoing management of the contracted goods and services.

3.4 Accountability, Transparency and Reporting

- 3.4.1 Any purchasing and contracting activities conducted by Council will apply the highest standards of accountability and transparency with a clearly documented and justifiable controlled process, if subjected to audit, public scrutiny and any potential legal challenge.
- 3.4.2 All records relating to a procurement process must be created and retained according to legislative and organisational requirements, including evidence of processes undertaken, information received, meetings held, communications, approvals and decisions.
- 3.4.3 Staff will ensure appropriate management of confidential information, conflicts of interest, gifts and gratuities will be handled in accordance with related policies and codes of conduct.
- 3.4.4 All processes will be conducted in a consistent and transparent manner with due regard to the commerciality of the process.

3.4.5 Information gathered from suppliers will be treated as 'commercial in confidence' and only disclosed and used for the purposes it was gathered for.

3.4.6 Confidentiality requirements (as per section 90(3) of the Act) will be considered for all reports presented as part of a Council Agenda.

3.5 Ensuring compliance with all relevant legislation

3.6 Encouragement of the development of competitive local business and industry

3.6.1 Procurement plays an important role in the economic development of the region(s) whether Council, Eyre Peninsula and South Australia.

3.6.2 Where applicable the Industry Participation Policy shall be applied to high value procurement, including Employment Contribution Test, to determine the level of local investment in the Council region by potential suppliers and contractors.

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

3.6.4 To the extent permitted by law, Council aims to encourage the participation of local suppliers, contractors and manufacturers and provide where practical, opportunity for local economic benefit including use of Australian and locally manufactured goods.

3.6.5 Where the evaluation criteria is comparable amongst competitors, Council may consider the following in reaching a decision:

3.6.5.1 the creation of local employment opportunities;

3.6.5.2 increased availability of local servicing support;

3.6.5.3 increased convenience in communications with the supplier for contract management;

3.6.5.4 economic growth within the local area;

3.6.5.5 benefit of associated local commercial transaction; and/or

3.6.5.6 the short-term and long-term impact of the procurement towards local business.

3.6.6 Benefits of utilising local suppliers include:

3.6.6.1 Assisting local suppliers developing management systems for the local government sector in positioning further opportunities amongst other government agencies;

3.6.6.2 Structuring the procurement process to be equally accessible to all businesses; and

3.6.6.3 Building beneficial relationships leading to higher levels of responsiveness and on-going support.

3.7 Enacting the Principles of Council's Reconciliation Action Plan

Further to item 3.6, Council will seek to make the following additional considerations:

- 3.7.1 the degree to which a business / supplier is considered to be owned by Aboriginal or Torres Strait Islanders;
- 3.7.2 the degree to which a business / supplier has developed and implemented a Reconciliation Action Plan, specific Aboriginal and Torres Strait Island Recruitment Policies and / or Cultural Awareness practices.

3.8 Environmental protection

Council will seek to:

- 3.8.1 adopt purchasing practices which conserve natural resources;
- 3.8.2 align the Council's procurement activities with principles of ecological sustainability;
- 3.8.3 preference recycled and environmentally preferred purchases where possible;
- 3.8.4 integrate relevant principles of waste minimisation and energy;
- 3.8.5 foster the development of products and services which have a low environmental impact;
- 3.8.6 provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services;
- 3.8.7 select products and services which have lower environmental impacts across their life cycle compared with competing products and services.

3.9 Risk Management

- 3.9.1 All procurement activities conducted by Council must be mindful of inherent and associated risks at all levels. The purchasing process must consider the following:
 - 3.9.1.1 A formal Risk Assessment must be completed where there are deemed to be high residual procurement risks.
 - 3.9.1.2 Risk management involves the systematic identification, analysis, evaluation, treatment, monitoring and, if appropriate, acceptance of risks.
 - 3.9.1.3 A probity advisor and/or auditor may be appointed to advise on or review the procurement activity.
- 3.9.2 Risk is a significant part of the environment within which the Council operates and therefore must be considered throughout the purchasing process no matter the value of the supply.

3.10 Work, Health & Safety

- 3.10.1 Council is committed to applying all relevant Work, Health and Safety standards to its procurement and contracting processes and requires that:
 - 3.10.1.1 All suppliers of goods and services will, as a minimum, be expected to comply with the standards prescribed by the Work Health and Safety Act 2012 (SA) and its Regulations;
 - 3.10.1.2 Additional Work Health and Safety requirements may be outlined in the request documents and resulting contract (or any other documents evidencing the agreement between Council and the supplier);
 - 3.10.1.3 Council's Work Health & Safety & Risk Management team may be consulted prior to such purchase where the purchase of goods, materials or plant and equipment involves implications for the work, health or safety.
 - 3.10.1.4 Manufacturers, suppliers or distributors must be able to demonstrate full compliance with the WHS Act before procurement of any plant, equipment or materials will be undertaken; and
 - 3.10.1.5 Where appropriate, procurement evaluation must ensure an appropriately skilled person confirms all WHS assessments.

3.11 Social Impact on Procurement Outcomes

- 3.11.1 Council encourage social impact on procurement outcomes to support the intentional generation of social value through procurement processes that can occur through engaging with minority or under-represented suppliers such as:
 - 3.11.1.1 Indigenous suppliers;
 - 3.11.1.2 People with a disability or supporting organisations; and
 - 3.11.1.3 Small to medium enterprises particularly if locally based.

4. PROCUREMENT METHODS

- 4.1 The method of procurement will typically be documented in an Acquisition Plan, with reference to a number of factors including procurement complexity, value, risks, characteristics of the supply market, and Council's strategic objectives and in accordance with procurement thresholds—refer to Item 9. Persons with financial delegated authority to procure will be responsible for ensuring appropriate procurement practices and procedures including the identification of risk mitigation strategies.
- 4.2 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.

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- 4.3 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.
- 4.4 Standing orders may be a suitable strategy under this method, however cumulative spend should be monitored and used to trigger an alternative method when thresholds are reached. Generally, standing orders have limited terms and conditions and should not be used for non-routine, high value and high risk goods and services:
- 4.5 **Direct Purchasing**
- 4.5.1 This is where Council purchases from a single source, without first obtaining competing bids.
- 4.5.2 This method may be suitable for low value, low risk goods and services where the supplier already has a successful service history with the Council, or where the supplier choice is limited.
- 4.5.3 Prices should be tested for currency prior to awarding supplier to give consideration to Value for Money.
- 4.6 **Quotation Only**
- 4.6.1 This is where Council obtain quotations from prospective suppliers.
- 4.6.2 Where possible, the Council must insist on written quotations.
- 4.6.2.1 If a written quotation cannot be obtained, the Council should keep a written record of the oral quotation obtained, including details of the commercial terms.
- 4.6.3 This method may be suitable for low value, low risk goods and services.
- 4.7 **Request for Quotations (RFQ)**
- 4.7.1 This is where Council obtain formal written quotations from prospective suppliers utilising its RFQ templates to determine necessary experience, skills, management systems and other; scored against a weighted criteria to determine supplier capabilities to successfully deliver the goods and/or services.
- 4.7.2 In accordance with Item 5.1, Table 1 Value of Purchase, suppliers may be approached using a select or open market approach.
- 4.7.3 This method may be suitable for simple, largely price-based purchases.
- 4.7.4 Specifications either detailed or simple are to be considered appropriate to the procurement.
- 4.8 **Expressions of Interest (EOI)**
- 4.8.1 Expressions of Interest are useful when the number of suppliers, market size or the approach to solving a problem is largely unknown.

- 4.8.2 Such a process can form the platform for a future RFX for the goods and/or services required.
- 4.8.3 Council should attempt to assess the market before conducting an EOI process and refine its requirements as much as possible to ensure responses are targeted appropriately.

4.9 Request for Tenders (RFT)

- 4.9.1 This is where Council obtain formal written tenders from prospective suppliers to determine complexity of competencies, such as but not limited to,
 - 4.9.1.1 program of works and/or services schedule with all necessary hold points and deliverables,
 - 4.9.1.2 methodology from contract execution to client handover,
 - 4.9.1.3 all relevant management systems and other;scored against a weighted criteria to determine supplier capabilities in order to successfully deliver the goods and/or services in accordance with the specifications and project brief.
- 4.9.2 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.
- 4.9.3 Otherwise, Council may issue an "Open" Request for Tender.
- 4.9.4 In accordance with Item 5.1, Table 1 Value of Purchase, suppliers may be approached accordingly.

4.10 Select or Open Market Approach

- 4.10.1 Invites respondents to submit contractual offers to be evaluated against pre-determined criteria.
- 4.10.2 RFX (Request for Quote/Tender) documents should be tailored to the procurement necessary to fairly evaluate quotes sought.
- 4.10.3 Specifications should be based on a sound and unbiased understanding of market capabilities and commercial practices.

4.11 Panel Contracts

- 4.11.1 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:
 - 4.11.1.1 a standing offer from a pool of suppliers for the provision of goods and services on agreed terms; or
 - 4.11.1.2 the prequalification of certain suppliers who may or may not be engaged on terms to be agreed.

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

4.11.2.1 Panels must be established following the principles of this policy.

4.11.2.2 Any panels must operate under a contract or Heads of Agreement structure and managed for performance and on-going value for money opportunities.

4.11.3 Once a panel has been established, the Council may purchase the particular goods and/or service through such panel arrangements.

4.12 Strategic Alliances

4.12.1 Council can meet its procurement requirements through contract arrangements already established and administered by other organisations that demonstrates adherence to the requirements of this policy. This is where the Council undertakes procurement through contract arrangements already established and administered by other organisations, including:

4.12.1.1 LGA Procurement;

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

4.12.1.3 State Government contracts.

4.12.1.4 Ad hoc alliances created with other Local Government entities.

5. CONSIDERATIONS FOR COUNCIL

5.1 The appropriate method of procurement will be determined by reference to a number of factors as identified below.

NB. Value of Purchase identified as per Clause 5.1 is provided as an initial guide however selection of the appropriate Market Approach and Contract Form shall be based on value and assessment of risk as identified in the Acquisition Plan.

Table 1 - Value of Purchase

Value of Purchase (\$)	Acceptable Market Approaches	Contract Form
<\$5,000	<ul style="list-style-type: none"> Verbal or Written quote(s) from at least one (1) supplier Direct sourcing / negotiation Purchase from approved PLCC panel, external contracts or standing offers, including LGA Procurement or other arrangements appropriate. 	<ul style="list-style-type: none"> Purchase Order or Credit Card. Minor Works, Goods or Services Contract LGAP Head Contract (via VendorPanel).
\$5,001 - \$50,000	<ul style="list-style-type: none"> Written quotes from at least two (2) suppliers. Purchasing from approved PLCC panel, external contracts or 	<ul style="list-style-type: none"> Purchase Order. Minor Works, Goods or Services Contract

Value of Purchase (\$)	Acceptable Market Approaches	Contract Form
	standing offers, including LGA Procurement or other arrangements appropriate.	<ul style="list-style-type: none"> • LGAP Head Contract (via VendorPanel). • Professional Services Contract.
\$50,001 - \$150,000*	<ul style="list-style-type: none"> • Written quotes from at least three (3) suppliers (RFQ) • Purchasing from approved PLCC panel, external contracts or standing offers, including LGA Procurement or other arrangements appropriate • Tender Process (if deemed applicable) - Open / Select / Limited (RFT/RFQ/EOI) 	<ul style="list-style-type: none"> • Purchase Order. • Minor Works, Goods or Services Contract. • LGAP Head Contract (via VendorPanel). Professional Services Contract.
>\$150,001**	<ul style="list-style-type: none"> • Tender Process - Open / Select / Limited (RFT/RFQ/EOI) • Purchasing from approved PLCC panel external contracts or standing offers, including LGA Procurement or other arrangements appropriate. 	<ul style="list-style-type: none"> • Purchase order • LGA/PLCC General Condition of Contract – Works, Services, Professional Services or appropriate conditions of contract e.g. AS4000.

*Simple Acquisition Plan required (>\$50,000) endorsed by General Manager or Chief Executive Officer.

**Complex Acquisition Plan required (>\$150,000) endorsed by Chief Executive Officer.

NB. where the criteria in the table above cannot be met, a detailed written explanation must be kept recording the decision approved by the delegated officer.

5.2 Where a procurement relates to a project as defined in Council's Prudential (Project) Management Policy the appropriate Due Diligence Report shall be undertaken before commencement of the project.

5.3 Where procurement must adopt or consider an IPP, the framework for this is to be adopted using the most recent South Australian Industry Participation Policy and Procedural Guidelines as per the Office of Industry Advocate website:

<https://www.industryadvocate.sa.gov.au/policy-and-resources>

5.4 The value of the purchase will be calculated as follows:

- 5.4.1 single one-off purchase – the total amount, or estimated amount, of the purchase (excluding GST);
- 5.4.2 multiple purchases with same supplier for similar works/services – the gross value, or the estimated gross value, of the purchases (excluding GST); or
- 5.4.3 ongoing purchases over a period of time – the annual gross value, or the estimated annual gross value, of the purchases for similar works/services (excluding GST).
- 5.4.4 Refer to section 5.13 Cumulative Spend.

- 5.5 cost of an open market approach versus the value of the acquisition and the potential benefits;
- 5.6 the particular circumstances of the procurement activity;
- 5.7 the objectives of the procurement;
- 5.8 the size of the market and the number of competent suppliers;
- 5.9 the Council's leverage in the marketplace;
- 5.10 time constraints;
- 5.11 use of consultants or seeking technical advice for >\$5,000
- 5.12 an assessment of the risks i.e., via a formal Risk Assessment, associated with the relevant activity and /or project, including the risk profile of the procurement, any risks associated with the preferred procurement method, with particular reference to WHS risks.
- 5.13 Cumulative Spend
 - 5.13.1 To support determining Value as per Clause 5.1, Value of the Purchase is identified as the estimated value of the total proposed purchases, including any contract options, extensions and renewals (exclusive of GST), and potential cumulative value of the goods, services or works supplied over a period of time, i.e., 12 months, against a supplier/contractor providing similar works/services.
 - 5.13.2 The cumulative expenditure against all suppliers, contractors and consultants 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 comply with this policy.
 - 5.13.3 Council's Procurement Procedures outline and support the process of determining the level of risk pertaining to the procurement, the market process and form of contract.

6. RECORDS

- 6.1 Retention of records pertaining to procurement is crucial. Appropriate records must be maintained to provide evidence of decisions made, process undertaken and approvals received, commensurate with the level of complexity of the procurement undertaken.
- 6.2 Records must be maintained utilising Council's electronic records management system to retain records in accordance with the State Records Act and Council's Records Management Policy.

7. EXEMPTIONS FROM THIS POLICY

- 7.1 This Policy contains general guidelines to be followed by the Council in its procurement activities. There may be emergencies, or procurements in which an RFx process will not necessarily deliver best outcome for the Council, and other market approaches may be more appropriate.

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- 7.2 In certain circumstances, the Council may waive application of this Policy and pursue a method which will bring the best outcome for Council. The CEO or appropriate financial delegate must record their reasons in writing for waiving the application of this Policy either through the following being dependent on respective value and risk:
- 7.2.1 a Request for Exemption which is to be submitted and authorised by the Chief Executive Officer or appropriate Financial Delegate; or
 - 7.2.2 detailed in the Acquisition Plan and approved by the Chief Executive Officer or appropriate financial delegate; or
 - 7.2.3 detailed in online purchasing system and approved by the Chief Executive Officer or appropriate Financial Delegate
- 7.3 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.
- 7.4 Some examples of when it may be appropriate for the Council to waive application of this Policy are:
- 7.4.1 emergency situations threatening life and property (invoking the Emergency Response Plan or Business Continuity Plan);
 - 7.4.2 the supply market is known;
 - 7.4.3 timing constraints;
 - 7.4.4 through a strategic alliance where an open tender process has already been conducted;
 - 7.4.5 where a strategic approach has already been approved and reputational risk increases through seeking responses that do not align with the strategy;
 - 7.4.6 Continuation of work or service under an existing purchasing arrangement (ie variations/extensions to existing orders or contracts);
 - 7.4.7 Work, goods or service has already been subject to a recent competitive process and the pricing is still valid;
 - 7.4.8 Work, goods or service is being provided under an existing purchasing arrangement (ie warranty, servicing, maintenance or defects liability);
 - 7.4.9 Where knowledge, design and/or intellectual property is being retained to secure continuity of a staged initiative which may be disadvantaged (eg. time, objective, financially) if subjected to a further competitive engagement process; and
 - 7.4.10 Where it can be demonstrated that a procurement process will not deliver best outcome for Council and the community.
- 7.5 Where a waiver has been granted this does not remove the need for staff to assess risk whether WHS, financial etc., and ensure appropriate controls are in place including contract conditions, WHS documentation etc.

- 7.6 Unsolicited bids will be considered and dealt with under Council's Guidelines for Unsolicited Proposals Policy.

8. DELEGATIONS

- 8.1 The CEO will determine appropriate procurement thresholds for inclusion in delegation instruments, which will be reviewed on an annual basis or as required.
- 8.1.1 Other officers may only incur expenditure on behalf of Council if:
- 8.1.1.1 The officer has been granted the financial and/or contractual delegation by the Chief Executive Officer and this delegation has been recorded in the Delegation of Authority Register; and
- 8.1.1.2 The expenditure is provided for in Council's budget.
- 8.1.2 By signing or approving a requisition/procurement order all officers are confirming that they have taken full notice of this policy and will comply with all requirements of this policy.
- 8.2 Approval to undertake a procurement requires confirmation that budget funds are available and uncommitted within the appropriate budget line. Expenditure outside of the adopted budget requires the formal approval of the General Manager, CEO or Council subject to the value and nature of the expenditure.
- 8.3 Delegations pertaining to expenditure and purchasing are recorded in the City of Port Lincoln Delegation Register.

9. PROCUREMENT THRESHOLDS

- 9.1 In certain circumstances, the Council may waive application of this policy and pursue a method which procurements are to be in accordance with Council's financial thresholds outlined via the Council website.
- 9.2 The value of procurement is calculated as follows:
- 9.2.1 Single one-off procurement – the total amount, or estimated amount, of the procurement (ex GST);
- 9.2.2 Multiple procurements with same supplier– the gross value, or the estimated gross value, of the procurements (excluding GST); or
- 9.2.3 Ongoing procurements over time – the annual gross value, or the estimated annual gross value, of the procurements (excluding GST).
- 9.3 The value of a procurement or transaction is calculated across all elements of the procurement process including any contract options, variations, extensions and renewals (inclusive of GST) and should be considered in the planning phase of the project.
- 9.4 Splitting the value of the purchase into individual components to meet with lower value of Purchase Thresholds is not permitted.

10. FURTHER INFORMATION

- 10.1 This Policy is made publicly available on the Council's website.
- 10.2 This Policy will be reviewed on an annual basis or when legislative change requires it.
- 10.3 However, Council may revise or review this Policy at any time (but not so as to affect any process that has already commenced).
- 10.4 This policy is supported by a Procurement Procedure and associated template documentation.

APPENDIX 1 - PROCUREMENT GLOSSARY

Acquisition Plan	a document that outlines the procurement methodology and sourcing strategy to be undertaken in a proposed procurement,
Approach the market	the formal process of notifying one or more potential suppliers of a procurement opportunity and inviting them to submit an offer, quote, tender, response, proposal, submission, bid or registration.
Conflict of interest form	A document signed by all staff and consultants involved with a procurement process to indicate that they do not have a personal or professional conflict of interest with the procurement project.
Consultant	A consultant is a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision making through: provision of expert analysis and advice development of a written report or other intellectual output (Source: Department of Treasury and Finance, Financial Reporting Directions 22G Standard disclosures in Report of Operations November 2015)
Contract	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. A contract may be verbal, written or inferred by conduct.
Contract documents	Documents construed together as one instrument of contract. They may include terms and conditions, specifications, drawings, delivery and payment schedules.
Contract variation	Is a mutually agreed amendment to vary the obligations set out in a contract for goods and services. A contract variation must be documented between the parties to form a deed of variation.
Contractor	Is an individual or organisation that is formally engaged to provide works 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. (Source: Department of Treasury and Finance, Financial Reporting Directions 22G Standard disclosures in Report of Operations November 2015)
Direct Purchase/ Direct Sourcing	Procurement process undertaken by directly approaching and negotiating with one supplier without testing the market. This method is generally only appropriate for low value and low risk goods and services.
Due diligence	The process of reviewing and analysing in detail the capacity of a bidding organisation to meet future contract performance requirements. This may include a detailed assessment of the organisation's financial stability, legal risks, technical capacity, and infrastructure.
Expression of interest (EOI)	Used to identify suppliers interested in, and capable of, delivering the required goods or services. Potential suppliers 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.

Innovation	Innovation is about turning ideas into reality. It is the creation of new products, technologies, processes and/or ideas that are thought to be better or more effective by the innovator than what is currently available. Innovation in procurement is about using the competitive market to come up with innovative solutions.
Lifecycle cost	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.
Market Approach	The process undertaken to inform the market of your requirements to obtain offers to meet your requirements.
Open market approach (also known as an open tender)	The process of publicly inviting tenders usually through the release of a request for tender (RFT) or expression of interest (EOI) to the open market.
Pre-qualified Suppliers	A list of suppliers who meet certain criteria, usually including WHS, insurances, licences, quality and environmental certifications. A procurement process needs to be undertaken by the buyer to determine which supplier offers best value for money.
Probity	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.
Procurement	All the business processes associated with sourcing activity, spanning the whole cycle from identifying needs to the end of a service contract or the end of the useful life and subsequent disposal of an asset. It also includes the organisational and governance frameworks that underpin the procurement function. Procurement does not include stored management and logistics that are part of the wider subject of supply chain management.
Procurement process	The step-by-step process for the planning, establishment and contract management of small and large acquisitions.
Purchase order	A form of contract, which is an official document used to authorise and record the purchase of goods or services by a buyer. It is the prime reference confirming the contractual situation between the buyer and supplier.
Purchasing	the acquisition of goods and/or services from a nominated supplier. Purchasing is a component of the wider function of procurement and consists of activities such as ordering, expediting, receipt and payment. Often used interchangeably with procurement. (Source: Adapted from P&SM Jargon Buster, The Chartered Institute of Purchasing & Supply)
Quotation/quote	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.
RFQ	A written process of inviting offers to supply goods and/or services involving simple documentation and a limited number of potential suppliers.
RFT	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.
RFx	Covers <u>request for information</u> (RFI), <u>request for quotation</u> (RFQ), request for tender (RFT)
Respondent	(invitee, supplier, bidder) someone who has or intends to submit an offer to an organisation. Often used interchangeably with potential suppliers or tenderers.
Social Procurement	The generation of positive social outcomes through purchasing and procurement processes which are over and above the delivery of the goods or services required.
Specification	There are commonly three different types of specifications: Functional, Performance and Technical. Specifications can be simple or complex depending on the procurement objective and outcome sought.

	Specifications should avoid the use of proprietary standards and specify the requirements in such a way as to maximise the opportunity for competitive offers from a variety of suppliers.
Supplier	An entity that could provide, is providing or has provided goods, services or works
Value for money	Achieved in procurement by finding the optimum balance of financial and non-financial factors including whole of life cost (lifecycle cost).