

Procurement Procedure

Procedure Author	General Manager – Strategy and Corporate
Date of next review	March 2025

1 Purpose

This procedure applies to the procurement of all goods and services utilising Council funds. Goods and services must only be purchased to support Council activity.

2 References and Supporting Documentation

This Procedure is to be read in conjunction with the

- Procurement Policy
- Expense Card Procedure
- Industry Participation Procedure
- Unsolicited Proposal Procedure
- Procurement Guidelines
- *Local Government Act 1999*
 - Section 37 - Provision relating to contracts and transactions,
 - Section 38 - The common seal,
 - Section 120 - Conflict of interest, and
 - Section 137 - Expenditure of funds.
- *Work Health and Safety Act 2012*
 - Section 5 - Meaning of person conducting a business or undertaking
 - Section 7 - Meaning of worker
 - Section 272 - No contracting out
- *Return to Work Act 2014*
- *A New Tax System (Goods & Services Tax) Act 1999*
 - Division 1 - Preliminary
 - 1-4 - States and Territories are bound by the GST law
 - Division 2 - Overview of the GST legislation
 - Chapter 2—The basic rules
 - Part 2-2—Supplies and acquisitions
- *Building and Construction Industry Security of Payment Act 2009*
- *Construction Industry Training Fund Act 1993*
 - Section 20 - Imposition of levy
 - Schedule 1A - Value of building or construction work
- Risk Management Framework
- Worker Code of Conduct

- Fraud and Corruption Control Policy
- New Supplier Request Form
- Request for Exemption from the Procurement Procedure Form
- Delegations Register
- City of Playford Global Glossary

3 Application

Mayor and Chief Executive Officer	Execution of a Contract document requiring the affixation of the Common Seal of the Council and only following the resolution of Council.
Chief Executive Officer	Approval of an Exemption from the Procurement Procedure exceeding expenditure limits delegated. Approval of expenditure of Council funds and the process undertaken preceding the approval request, exceeding expenditure limits delegated. Approval of a Worker maintaining involvement in a procurement activity where an actual or potential conflict of interest has been declared.
General Managers	Minimum level of approval of an Exemption from the Procurement Procedure within financial limitations delegated.
Senior Manager - Finance	Ensure this Procedure is reviewed by Council as required.
Internal Auditor Position Title	Conduct periodic audit of Councils procurement activities and assist in the development of assurance metrics to ensure C with this Procedure.
Manager – Procurement and Accounts Payable	Ensure correct application of this Procedure in the development of systemised and non-systemised procurement processes. Development and maintenance of internal training tools to assist in the correct application of this Procedure by Workers. Approval of non-standard supplier payment terms.
Procurement Team	Consultation and review of all procurement processes between \$20,000 and \$100,000 expenditure that do not have an established contract for supply. Facilitation of all procurement activities with a value exceeding \$100,000 which do not have an established contract for supply. Facilitation of all procurement processes necessitating the creation of a contract document. Creation of a supplier engagement document resulting from an approved Exemption. Creation and maintenance of all supplier account details in Councils financial system. Facilitation of training to Workers to ensure correct application of this Procedure.
Accounts Payable Team	Processing and payment of supplier invoice transactions. Processing and payment of Council Expense Card transactions. Processing and payment of Council Employee Reimbursement transactions. Creation and maintenance of Council Expense Card accounts.

Workers holding CEO sub-delegation pursuant to Section 137 of the <i>Local Government Act 1999</i> (Approvers)	Approval of expenditure of Council funds and the process undertaken preceding the approval request, within financial limitations delegated.
Workers holding CEO sub-delegation pursuant to Section 37 of the <i>Local Government Act 1999</i> (Approvers)	Enter into contract arrangements on behalf of Council, within financial limitations delegated.
Risk & WHS Team	Assistance to Workers in the use of Councils Risk Management Framework and risk assessment tools. Assistance in the correct application of WHS Policies and Procedures in the engagement of contractor services.

4 Procedure

4.1 Method of Procurement (Solicited)

Council will select an approach to market best suited to the particular requirement and based on applying the procurement principles referenced in the Procurement Policy. These may include:

- Request for Quote,
- Request for Tender (Select or Open Market),
- Request for Expression of Interest (EOI), and
- Request for Proposal.

Here on referenced in this Procedure as Tender for simplicity, however consideration for all process listed above are further defined in the Procurement Guidelines.

Should Council procure using a different method than those listed, then Council will record the reasons for selecting that method.

4.2 Industry Information Session

Council will give consideration to holding industry information sessions related to a solicited procurement activity, where the requirement value, complexity or impact to Councils community service provision deems it appropriate.

Industry information sessions provide an opportunity for organisations within the industry relative to the requirement to seek clarification and greater understanding of Councils objectives prior to investing substantial time and resource in formulating a response to a solicited procurement activity.

4.3 Expenditure Thresholds (Individual Engagement)

All values stated are exclusive of GST and are in aggregate (Total contract/engagement value for the term of the contract/engagement).

Subject to risk assessment, Council will have regard to the following expenditure thresholds:

- Purchases less than \$1,000 do not require written quotations.

- Purchases between \$1,000 and \$20,000 require a minimum of one written quotation.
- Purchases between \$20,000 and \$100,000 require a minimum of three written quotations and require consultation with and review by Councils Procurement Team.
- Purchases exceeding \$100,000 will be facilitated by Councils Procurement Team via a method of procurement deemed appropriate for the particular acquisition, generally an open market tender is preferred. Procurement activities in this value range will require consultation with and review by Councils Finance Team.

4.4 Expenditure Thresholds (Ongoing Engagement)

For recurrent service delivery or supply requirements, identified during the annual spend analysis process, where multiple engagements of an uncontracted supplier or multiple uncontracted suppliers for the same service delivery or supply type exceed an in aggregate value of \$100,000 for the preceding financial year, Council will institute a market approach in that service delivery or supply type with a view to executing a term contract for supply. Resulting contract types may be:

- Sole Supply (Single Provider); or
- Panel (Multiple Providers)

4.5 Evaluation

If Council undertakes a tender process, it will issue a request for tender document. This may be done on either an open or select basis. In either case the process will be fair and transparent.

Tenders will be evaluated by a panel of key stakeholders and subject matter experts against the criteria stated in the tender request.

Council may engage consultants or contractors to sit on the tender evaluation panel to provide specialist expertise where Council does not have that expertise available internally.

Council is not obliged to accept the lowest offer. Council may reject all offers and may invite further offers.

4.6 Conflict of Interest

Workers must declare any actual or perceived conflict of interest linked to the selection of a supplier and or approval of a procurement transaction.

Workers undertaking procurement activities must acquaint themselves with Section 120 of the Local Government Act 1999 (SA) for the legislated definition of a Conflict of Interest.

The identification and process for management of Conflicts of interest are described in Councils Employee Conduct Policy and all Workers undertaking procurement activities must acquaint themselves with this Policy.

Workers must declare in writing the nature of their interest, and take no further part in the selection of that supplier unless approved by Councils Chief Executive Officer.

4.7 Negotiation

Nothing in this procedure prevents Workers from negotiating with suppliers to obtain a more favorable position for Council than that received in an initial quotation.

When negotiating with suppliers:

- Note that Council maintains Standard Payment Terms of 30 days EOM (payment at the end of the month following the month that the invoice is dated). Shorter payment terms in certain circumstances may be used as a negotiation mechanism. Non-standard payment terms require approval from the Manager Procurement and Accounts Payable.
- Avoid requirements for payment of deposits, and the issuance of other types of pro-forma (preliminary) invoices, either by negotiating terms or using an alternative supplier.
- Any negotiations must be ethical and fair to all quoting parties. Quote detail from one party should never be disclosed to another subject to 4.8 below.

4.8 Confidentiality

Subject to the relevant provisions of the Freedom of Information Act 1991 (SA), Local Government Act 1999 (SA) and Council's Records Management Policy, Workers must take all reasonable steps to preserve the confidentiality of any information it obtains via a procurement activity.

4.9 Documentation

All procurement activities with an expenditure value greater than \$20,000 must have the following minimum documentation registered in Councils records management system.

- All quotations/submissions received from participating companies.
- All declinations to quote received.
- The final evaluation documentation outlining the comparisons (monetary and non-monetary) made to the quotations received.
- Documentation outlining the decision to engage a supplier, including any approvals sought.
- A declaration that no conflict of interest existed with any of the evaluating Workers involved in the process undertaken.
- Countersigned contract document where this engagement mechanism is utilised.

All procurement activities with an expenditure value greater than \$1,000 and less than \$20,000 must have the following minimum documentation Councils records management system.

- All quotations/submissions received from participating companies.
- All declinations to quote received.
- Any conflict of interest declared.

Where processes are undertaken utilising Councils OneCouncil system (Request for Quote and or Purchasing modules), the above documentation will be automatically registered in Councils records management system via connected content.

4.10 Exemption from the Procurement Procedure

This procedure outlines the requirements of Workers in respect of conducting procurement activities. There may be circumstances in which an open market process will not necessarily deliver the best outcome for the Council, or where other market approaches may be more appropriate.

In these circumstances, the Chief Executive Officer or a Worker of Council who is a General Manager, within financial limits delegated, may waive application of this Procedure or the methods of procurement listed and pursue a method which will bring the best outcome for the Council.

4.10.1 Situations where it may be appropriate for the application of this procedure to be waived include:

- potential for significant public risk, such as emergency situations threatening life and property
- the supply market is known to be limited
- the pressures of time are such that a tender process is not feasible
- the Council is able to obtain value for money from an existing supplier of goods, works or services whose appointment was subject to a competitive process
- Council purchases goods at an auction
- the contract is made with:
 - the Commonwealth, State or Local Government entity.
 - Local Government Association Procurement (LGAP), Procurement Australia or other recognised procurement group.

4.10.2 Documentation

Unless specifically excluded in this Procedure, all departures from this Procedure must be appropriately documented and approved via submission of a Request for Exemption from the Procurement Procedure form to the Procurement team. The Procurement team will review, provide commentary and facilitate the necessary approvals required. Approval via this process must precede the Procurement activity being undertaken.

4.10.3 Standing Exemptions from the Procurement Process

- Supply of goods or services where Council has an active term contract executed with a sole provider.
- Supply of insurance coverage via the Local Government Association.
- Statutory taxes and levies and non-contestable costs, to other Government authorities.
- Software licensing and support fees for established Council software systems.
- Mixed non-contestable and contestable supply of utility infrastructure (Electricity / Gas / Water & Sewer) where the non-contestable portion of works does not exceed \$20,000.

4.11 Supplier Engagement Mechanism

4.11.1 Minimum requirements.

All engagements of a supplier, unless specifically excluded in this Procedure, must be preceded with a minimum of a formal Council Purchase Order. The Purchase Order must be issued and accepted by the supplier prior to any performance of works and or supply of goods to Council.

4.11.2 Standing exemption to Purchase Order requirement.

- Transactions with a value of equal to or less than \$1000
- Expense Card transactions within set financial limitations
- Utility supply transactions (Electricity / Gas / Water & Sewer / telephone fixed line and mobile)
- Contracted Legal Services transactions

4.12 Approvals

By approving a requisition/purchase order/contract document, Workers confirm that they have taken full notice, and the process being approved has complied with the requirements of the Procurement Policy and this Procedure.

All financial limitations sub-delegated by the Chief Executive Officer are exclusive of GST and the value represents the full value consideration. Therefore multiyear contracts/engagements must be considered on the aggregate value of the contract/engagement (annual value x the term of the contract/engagement).

4.12.1 Financial approval.

Only Workers issued with CEO sub-delegation under section 137 of the *Local Government Act 1999* may approve expenditure of Council funds within financial limitations delegated.

This includes the holding of an Expense Card (Credit or Store Issued) in the name of Council and consideration for this element is further defined in Council's Expense Card Procedure.

4.12.2 Contract Execution.

Only Workers issued with appropriate CEO sub-delegation under section 37 of the *Local Government Act 1999* may approve and sign contractual documentation on behalf of Council within financial limitations delegated.

4.12.3 Contract/Deed Execution requiring Council Seal.

Only the Chief Executive Officer and the Mayor may execute a contractual document requiring the Common Seal of the Council to be affixed, following a Resolution by Council.

4.12.4 Variation.

Any financial variation to an existing engagement of a supplier, whether that engagement be via a Council Purchase order or Contract document, necessitates approval on the basis of the whole engagement value in the aggregate not the variation value in isolation.

4.13 Supplier Database

4.13.1 New Supplier.

The addition of a supplier into Councils financial system necessitates Workers to complete and submit a New Supplier Request to the Procurement team.

4.13.2 Payment Terms.

Council maintains industry standard payment terms of 30 days from the end of the month in which a supplier invoice is dated.

Council may, upon request, accept shorter payment terms of 14 days from invoice date. Approval of this non-standard payment term necessitates reasoning for request and requires approval from the Manager of Procurement and Accounts Payable.

4.13.3 Supplier Banking Details.

Council's standard method of payment is via Electronic Funds Transfer (EFT) into a supplier's nominated bank account. All supplier banking details must be provided by the supplier on company letterhead (where applicable) and signed by an authorised officer of the supplier. Where the supplier is a sole trader and not a company, a written and signed declaration listing the supplier name and bank details is required. This is applicable to both new supplier and existing supplier bank detail amendment processes.

4.13.4 Sole Trader Suppliers.

If a new supplier is a sole trader, section C of the Supplier Request Form must be completed to enable assessment of contractor status, thus to ensure that the engagement of the supplier could not be deemed an employee/employer relationship.

4.13.5 Supplier Insurance Coverage.

Council mandates the requirement of particular insurance coverage in certain circumstances.

4.13.5.1 Public Liability Insurance

Where a supplier performs works on Council sites or on non-Council sites on behalf of Council, Public Liability Insurance coverage to a minimum industry standard value of \$20,000,000 is required.

4.13.5.2 Professional Indemnity Insurance

Where a supplier provides professional advice or design documentation to Council and that advice or design is to be relied upon by Council in its decision making or service delivery, Professional Indemnity Insurance coverage to a minimum industry standard value of \$2,000,000 is required. Consideration may be given to increasing this coverage amount based on the assessed risk or value of a project or engagement.

4.13.5.3 Certificate of Currency

A certificate of currency is required to be provided by the supplier for any of the above insurances, where applicable, and this will be registered in Council's (OneCouncil) system.

4.13.5.4 ReturnToWorkSA / Workers Compensation Insurance

Pursuant to the Return to Work Act 2014, all employers must register with WorkCover in respect of workers in employment to which the Act applies, however, large businesses operating in South Australia may apply to be self-insured for work injuries as an alternative to insuring with ReturnToWorkSA.

Where applicable, A ReturnToWorkSA certificate of registration is required to be provided by the supplier or if the supplier is self-insured, they must provide a certificate of currency and this will be registered in Council's OneCouncil system.

5 Feedback

Your feedback on this Procedure is invited and can be directed to the Manager Governance via email to governance@playford.sa.gov.au or by calling the Customer Contact Team on 8256 0333

Administration use only

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Policy link	Procurement Policy
Procedure author	General Manager – Strategy and Corporate
Endorsed by	Council
Resolution no.	4615
Legal requirement	<i>Local Government Act 1999</i>
Review schedule	4 years – per Procurement Policy review schedule
Date of current version	May 2021
Date of next review	March 2025

Version history

Version no.	Approval date	Approval by	Change
1	25 May 2021	Ordinary Council Resolution No. 4615	New Procedure
