

COUNCIL POLICY	
Reference Number	1047120
Responsible Business Unit	Corporate Services
Responsible Officer	General Manager Corporate Services
Legislation	Includes but are not limited to: Local Government Act 1999 (SA) Competition and Consumer Act, 2010 Competition Policy Reform (South Australia) Act, 1996 Local Government (Elections) Act, 1999 – Caretaker Provision Freedom of Information Act, 1991 (SA) Independent Commissioner Against Corruption Act, 2012 Ombudsman Act, 1972 Work Health and Safety Act & Regulations 2012 State Records Act 1997 Code of Conduct for Employees
Relevant Delegations	Expenditure sub delegations, detailing authorised purchases and purchasing limits are prescribed in Council's Delegations Register. This Policy also applies to any Committee of Council, or other delegated bodies with specific delegated authority to procure goods under its Terms of Reference. Where there is a conflict between the Terms of Reference and this Policy for the procurement of goods, this Policy will prevail.
Related Policies	Prudential Management Policy Budget Report & Amendment Policy Risk Management Policy Internal Control Policy Caretaker Policy Contractor Management Policy Code of Conduct for Staff
Management Guidelines Frameworks	The Rural City of Murray Bridge Strategic Plan Procurement & Financial Delegations – Management Guidelines Contractor Management Procedure
Link to Strategic Plan	Objective 5.1 - Effective
Council resolution	49.1
Date Adopted	10 March 2020
Review Date	This Policy shall be reviewed by the Council/Policy Owner, in consultation with the relevant stakeholders, every two (2) years, including within six (6) months following a Council general election, or more frequently if legislation or Council needs change.
Previous Revisions	22 October 2007, 1 November 2010 Item 250.1 – 15 October 2012

Item 111.6 – 11 May 2015
Item 141.3 - 13 August 2018

1. POLICY STATEMENT

In compliance with Section 49 of the Local Government Act 1999 (Act) and best practice principles in procurement, this policy seeks to:

- define the methods by which Council can acquire goods and services;
- demonstrates probity, accountability and responsibility of Council to all stakeholders;
- be fair and equitable to all parties involved;
- enable consistency of approach in the application of procurement processes; and
- ensure that the best possible outcome is achieved for Council.

2. OBJECTIVES

Council is committed to ensuring that all procurement activities deliver the following objectives:

- providing for fair, equitable, competitive and ethical behaviour in all procurement activities;
- obtaining value for money;
- ensuring probity, accountability and transparency;
- effective management of the end to end procurement lifecycle;
- identification and management of risk;
- consideration of environmental protection principles;
- providing reasonable opportunity for local economic development and social inclusion; and
- ensuring compliance with all relevant legislation.

3. SCOPE

- This policy informs procurement activities associated with the acquisition of goods, works, services or consultants and covers all aspects of the procurement lifecycle including planning, risk management, tendering, purchasing, contracting and financial control.
- This policy applies to anyone who undertakes or is involved in procurement activities on behalf of Council. Compliance with the provision set out in this policy is mandatory unless expressly indicated otherwise.
- The procurement restrictions documented in Council's Caretaker Policy will apply during all periods when Council operates in Caretaker mode.
- This policy does not cover the following:
 - Non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts.
 - Real property acquisitions;
 - The disposal of land and other assets owned by Council; or
 - The purchase of land by Council.

4. PRINCIPLES

Council's procurement is underpinned by the following key principles:

4.1 Principle 1 – Open and Fair Competition

Open and fair competition will be fostered and maintained by providing suppliers and contractors with appropriate access to Council's procurement opportunities. Council will ensure, where reasonably practicable, that:

- there is reasonable access for all suitable and competitive suppliers and contractors to the Council's business;
- where market circumstances limit competition, procurement activities recognise this and associated methodology takes account of it; and
- adequate, identical and timely information is provided to all suppliers to enable them to quote or tender.

Personnel authorised to engage in procurement activities on behalf of the Rural City of Murray Bridge will, at all times, undertake their duties in an ethical, open and impartial manner, act responsibly, behave professionally and exercise sound judgement.

4.2 Principle 2 – Value for Money

Value for money is not restricted to price alone. To ensure the best value for money, Council may assess the following:

- the contribution to Council's long term plan and strategic direction; any relevant direct and indirect benefits to Council, both tangible and intangible.
- efficiency and effectiveness of the proposed procurement activity;
- the performance history, quality and scope of services and support of each prospective supplier;
- fit for purpose of the proposed goods, works or service;
- whole of life costs including acquiring, using, maintaining and disposal;
- Council's internal administration costs;
- technical compliance issues;
- risk exposure;
- prevailing market forces and trends;
- the value of any associated environmental benefits;
- local economic development and social inclusion; and
- other relevant matters identified in specific procurement process documentation.

4.3 Principle 3 – Accountability, Financial Responsibility, Probity and Transparency

Council will demonstrate accountability in procurement by ensuring that decisions are able to be explained, and evidence provided, to ensure that an independent third party can clearly see that a fair and reasonable process has been followed. Personnel must be able to account for all decision and provide feedback on them. Accordingly, an audit trail will be visible for all procurement activities for monitoring and reporting purposes.

Delegations define the limitations within which Council personnel are permitted to work. Council personnel will not incur expenditure unless they have a delegated authority and funds are allocated for that specific expenditure in a budget approved by Council (refer Budget Reporting & Amendment Policy). Purchase Orders must be created prior to the purchase being made.

4.4 Principle 4 – Effective Management of the End to End Procurement Lifecycle

The procurement lifecycle includes all of the steps and tasks within the procurement process, from need identification and data gathering to contract management, delivery of goods, services, works and relationships with suppliers.

Council personnel will determine appropriate methodology within the various steps of the procurement lifecycle including planning, risk management, tendering, purchasing, contracting and financial control with regard to the scale, complexity and importance of the goods, works, services or consultancies being acquired.

4.5 Principle 5 – Identification and Management of Risk

Risk Assessment

Council personnel will ensure that appropriate practices and procedures of internal control and risk management are in place for its procurement activities, including risk identification assessment and implementation of controls.

Procurement risk assessments will focus on assessing a potential supplier's capacity and capability to meet Council's requirements and identify any other factors which might result in works, goods or services not being successfully delivered.

Risk Based Approach to Market

Council's approach to market will be influenced by procurement risk assessments, with high risk acquisitions requiring more formal procurement planning methodologies and higher levels of management oversight.

Work Health Safety

Council is committed to protecting health, safety and welfare. Council personnel will ensure that its procurement activities protect the health, safety and welfare of its workers, elected members, customers and community.

4.6 Principle 6 – Environmental Protection

Council endeavours, where reasonably practicable, to promote environmental protection through its procurement processes. This may include:

- adopting purchasing practices which conserve natural resources;
- aligning Council's procurement activities with principles of ecological sustainability;
- purchasing recycled and environmentally preferred products where possible;
- integrating relevant principles of waste minimisation and energy efficiency;
- fostering the development of products and services which have a low environmental impact; and
- providing leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.

Council has committed through a Memorandum of Understanding with the Local Government Association and eight (8) other participating Councils to increase the purchase of recycled content.

4.7 Principle 7 – Encouragement of Competitive Local & Regional Business and Industry

With the aim of achieving a value for money outcome, Council will endeavour to, at its discretion and to the full extent permitted by law, support local and regional businesses by:

- promoting to local and regional businesses opportunities to supply to the Council;
- structuring the purchasing process to be accessible to all businesses;
- encouraging Aboriginal and Torres Strait suppliers to quote and tender;
- giving preference to Aboriginal and Torres Strait, local and regional businesses when all other commercial conditions are equal to ensure local employment opportunities and economic stability and/or growth;
- ensuring, where possible, that specifications and purchasing descriptions are not structured so as to potentially exclude local and regional suppliers and contractors; and
- considering economic and social inclusion elements such as employment creation and training opportunities.

Council has committed through the Small Business Friendly Council Initiative Charter to enhance engagement between Councils and small businesses in South Australia and to simplify interactions between them to ensure a friendly and supportive environment for small business across the local community.

4.8 Principle 8 – Strategic Alliances

Procurement may be made through strategic alliances or common use arrangements already established and administered by other organisations, including but not limited to:

- LGA Procurement (LGAP)
- Procurement Australia (PA)
- Australian State or Federal Procurement arrangements
- Ad hoc alliances created with other Local Government entities (eg Murraylands & Riverlands LGA).

5. METHODS OF PROCUREMENT

To meet requirements in relation to open and fair process, Council will select an approach to market method best suited to ensuring that the procurement activity delivers the most advantageous outcome for Council and our community.

Council may, having regard to its Procurement Principles, and any other factors considered relevant by the Council, at its absolute discretion determine appropriate procurement methods, the details of which are outlined within administrative processes supporting this Policy.

Procurements methods can be in the form via a Panel, Select or Open request.

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

- value of the purchase;
- total cumulative spend;
- cost of an open market approach versus the value of the acquisition and the potential benefits;
- the particular circumstances of the procurement activity;
- the objectives of the procurement;
- the size of the market and the number of competent suppliers;
- Councils leverage in the market place;
- time constraints; and
- a comprehensive 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.

Total Cumulative Spend

Council is required to consider the Total Cumulative Spend with a supplier, or a number of suppliers providing similar goods or services, during the planning phase of their procurement. Council is precluded from splitting the value of the purchase to bring individual purchases into a lower Value of Purchase Threshold.

6. AUTHORISED AGENTS

Council may, from time to time, and in accordance with Section 37(b) of the Local Government Act 1999 appoint Authorised Agents to enter into a contract on behalf of Council, which include expending Council's approved budgeted funds. Such authorisations will always be subject to

provision of an approved budget allocation for the expense. The names, appointment dates and limitations of all Authorised Agents will be maintained in the Register of Authorised Persons.

7. 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 the best outcome for Council, and other market approaches may be more appropriate.

The authority to provide an exemption from using the required method of procurement will be delegated to the **Chief Executive Officer or the relevant General Manager** in accordance with expenditure sub-delegations as prescribed in Council's Delegations Register. Reasons for any exemption to the procurement method must be documented and registered in Council's Electronic Document Records Management System.

These circumstances may include:

- There may be significant public risk if the procurement is delayed by process requirements, such as Emergency Situations threatening life and property; or
- The pressures of time are such that an open call is not feasible, such as where there has been an unanticipated Council or Government policy decision; or
- Council purchases assets or goods at an auction up to \$100,000; or
- Council purchases second-hand assets or goods up to \$100,000; or
- The contract is made with, or under arrangement with or made through a strategic alliance pursuant to "Principles" section of this Policy; or
- A supplier is evidenced to be a "sole supplier" in the market and effectively a niche specialist or monopoly, rendering the tender process redundant.
- A supplier is a "sole acceptable supplier" whereby a contractor or consultant has considerable background knowledge and experience or specialist expertise on that particular Council project or asset eg an extension of a previous project. In such situations the procurement of assets, goods or services on negotiated fees and terms through that consultant or contractor alone may be deemed sound and advantageous to the project. This could include engaging the contractor or consultant on a retainer basis for a specialised period of time.

8. DEFINITION

Council	The Rural City of Murray Bridge
Emergency Situation	A situation where Council is required to remedy or make good damage incurred to Council property from a natural or man-made incident. The Chief Executive Officer has the authority to act in an Emergency Situation: goods and services in these instances may be purchased from a supplier without reference to the financial limitations provided in this Policy.
Goods	A physical or tangible item that does not include a labour component
Local Supplier	A supplier which is beneficially owned by persons who are residents or ratepayers of the Rural City of Murray Bridge, or has its principal business within the Rural City of Murray Bridge, or a

	business that substantially employs persons who are residents or ratepayers
Non-Local Supplier	A supplier which is not a local supplier
Personnel	Employees (including trainees), Volunteers and Elected Members
Procurement	A series of activities that are undertaken when purchasing goods, works and services, based on three key phases, planning, purchasing and Contract Management
Purchasing	The process by which the Rural City of Murray Bridge contracts with another party to obtain the goods and services required to fulfil its business objectives
Services	The performance of a task, duties or work for another, by an individual or an organisation, which normally involves the provision of labour and/or professional services
Supplier	A person or entity that provides goods, works or services to the Rural City of Murray Bridge
Total Cumulative Spend	The total expenditure with a supplier or a number of suppliers over a set time period providing similar goods or services of an ongoing nature
Value of Purchase Threshold	The relationship between the expected value of the purchase of a type of good or service from a supplier, or number of suppliers, providing similar goods or services, and the procurement method used to procure those goods or services.
Worker	<p>A person is a worker if the person carries out work in any capacity for a person conducting a business or undertaking, including work as:</p> <ul style="list-style-type: none"> a) an employee; or b) a contractor or subcontractor; or c) an employee of a contractor or subcontractor; or d) an employee of a labour hire company who has been assigned to work in the person's business or undertaking; or e) an outworker; or f) an apprentice or trainee; or g) a student gaining work experience; or h) a volunteer; or i) a person of a prescribed class. <p>(as defined in the WHS Act 2012 (7))</p>
Works	All work necessary for the completion of the Contract, including any variations ordered or agreed by the Superintendent.