Procurement

Policy

1. PURPOSE

1.1 Section 49 of the *Local Government Act 1999* (the **Act**) requires Council to prepare and adopt policies on contracts and tenders for:

1.1.1 the contracting out of services;

1.1.2 competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and

1.1.3 the use of local goods and services.

1.2 Section 49 (a1) of the Act also requires Council to develop and maintain policies, practices and procedures directed towards:

1.2.1 obtaining value in the expenditure of public money;

1.2.2 providing for ethical and fair treatment of participants; and

1.2.3 ensuring probity, accountability and transparency in all operations.

1.3 This Policy seeks to:

1.3.1 define the methods by which Council can acquire goods and services;

1.3.2 demonstrate accountability and responsibility of Council to ratepayers;

1.3.3 to be fair and equitable to all parties involved;

1.3.4 enable all processes to be monitored and recorded; and

1.3.5 ensure that the best possible outcome is achieved for the Council.

1.4 However, this Policy does not cover:

1.4.1 non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts;

1.4.2 the disposal of land and other assets owned by the Council; or

1.4.3 the purchase of land by the Council.

1.5 Council should refer to this policy (**Policy**) when acquiring such goods and services, however the adoption of this policy or any subsequent iterations / amendments etc will not apply retrospectively to a method of procurement already commenced or completed.

2. SCOPE

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;

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 is committed to achieving a range of objectives through its procurement processes that may be considered alongside achieving value for money outcomes. Such objectives should be supported by appropriate evaluation criteria, weightings and decisions of Council.

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

3.1 **Open and Effective Competition**

3.2 **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 Transparency**

Council is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations. All procurement should be undertaken in a manner that ensures:

3.3.1 clearly established roles and responsibilities;

3.3.2 appropriate record keeping and documentation;

3.3.3 integrity through transparency of process and documentation of decisions made;

3.3.4 adherence to relevant legislation, policy, and procedure;

3.3.5 identification and management of actual or potential conflicts of interest;

3.3.6 confidentiality of all commercial information;

3.4 **Ensuring Compliance with all relevant legislation**

3.5 **Environmental Protection**

Council will seek to:

3.5.1 adopt purchasing practices which conserve natural resources;

3.5.2 align the Council's procurement activities with principles of ecological sustainability;

3.5.3 purchase recycled and environmentally preferred products where possible;

3.5.4 integrate relevant principles of waste minimisation and energy;

3.5.5 foster the development of products and services which have a low environmental impact;

3.5.6 provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.

3.6 **Risk Assessment**

3.6.1 The Risk Assessment process should consider financial, supply, business, legal, management, reputations, probity, work health and safety, environmental, public safety, political and sensitive risks.

3.6.2 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.

3.6.3 Procurement risk assessments will focus on assessing a potential

supplier's and contractor's capacity and capability to meet Council's requirements, and identify any other factors which might result in goods or services not being successfully delivered.

3.7 **Risk Based Approach to Market**

3.7.1 Council's approach to market will be influenced by procurement risk assessments, with high-risk and high-value acquisitions requiring more formal procurement planning methodologies and higher levels of management oversight. Risks relating to the procurement process may include:

3.7.1.1 procurement of unsuitable product or service;

3.7.1.2 funding (e.g. internal & external, impact on long term financial plan);

3.7.1.3 probity failure;

3.7.1.4 inappropriate or inadequate specification;

3.7.1.5 lack of responses/limited supplier specification;

3.7.1.6 evaluation process.

3.8 **Work Health and Safety**

3.8.1 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.

3.8.2 The District Council of Karoonda East Murray is committed to engaging quality Contractors who have a sound understanding and commitment to WHS as well as being competent providers of the goods and services they are contracted to provide.

3.9 **Local Economic Benefit**

3.9.1 Council recognises the significant impact that its procurement activities have on the local economy and is committed to achieving value for money while support sustainable economic development within the region. To the full extent permitted by law, Council will:

3.9.1.1 Promote procurement opportunities to local and regional businesses;

3.9.1.2 Give preference to local and regional suppliers, including Aboriginal and Torres Strait businesses, where all other commercial considerations have been appropriately

addressed;

3.9.1.3 Encourage Aboriginal and Torres Strait Islander suppliers and contractors to quote and tender;

3.9.1.4 Consider broader economic and social inclusion outcomes such as;

- create of local employment and training opportunities;
- increased availability of local servicing and support
- improved communication and convenience in contract management;
- the short and long term economic impact of procurement decisions on the local area; and
- benefits to Council through local commercial transactions.

3.10 **Social Impact**

3.10.1 This refers to the intentional generation of social value through procurement processes that can occur through direct or indirect approaches, but is not limited to:

3.10.1.1 Aboriginal and Torres Strait Suppliers and Contractors;

3.10.1.2 People with a disability;

3.10.1.3 Women in business;

3.10.1.4 Small to medium business.

3.11 **Environmental Protection**

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

3.11.1.1 adopting purchasing practices which conserve natural resources;

3.11.1.2 aligning Council's procurement activities with principles of ecological sustainability; purchasing recycled and environmentally preferred products where possible;

3.11.1.3 integrating relevant principles of waste minimisation and energy efficiency;

3.11.1.4 fostering the development of products and services which have a low environmental impact; and

3.11.1.5 providing leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.

3.12 **Strategic Alliances**

Council recognises the value of forming strategic alliances with other government agencies, industry bodies, and key suppliers to achieve improved procurement outcomes. These partnerships may include collaborative purchasing arrangements, shared services, or joint procurement initiatives that promote efficiency, innovations and value for money.

4. PROCUREMENT METHOD

4.1 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.

4.2 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 moreof the following procurement methods:

4.2.1 **Creditor/On-Account**

4.2.1.1 Council may procure goods or services on account from approved creditors (i.e. suppliers with an active account in Council's finance system), subject to the following conditions:

4.2.1.2 A purchase order must be raised and approved in accordance with Councils procurement delegation limits prior to the placement of the order, including for on-account purchases, unless an approved exemption applies.

4.2.1.3 Goods or services may only be procured on account from suppliers who have been formally approved and are listed in Council's creditor system.

4.2.1.4 Suppliers must issue a tax invoice referencing the purchase order number. Invoices will be matched to the approved purchase order and verified prior to payment;

4.2.1.5 All on account purchases will be subject to regular review and reconciliation my Council's finance team to ensure compliance with procurement and financial control requirements.

4.2.2 **Direct Purchasing**

4.2.2.1 This is where Council purchases from a single source,

without first obtaining competing bids.

4.2.2.2 The purchase must be approved FIRST via Purchase Order (PO) signed by the relevant manager, based on the year's approved budget; unless if approved by management as a budget review amendment item. This option excludes purchases via Petty Cash or Credit Card.

This method may be suitable for low value, low risk goods and services or where the market is known, AND where the supplier already has a successful procurement history with the Council.

4.2.2.3 If the supply involves "Online" once-off purchasing, travel expenses (airfares, accommodation etc) and various approved subscription payments; then the procuring of such service or goods may be via Council Credit Card per the Internal Control Policy – Credit Card. (PO is not necessary).

4.2.3 **Quotations (Informal)**

4.2.3.1 This is where Council obtains quotations from prospective suppliers.

4.2.3.2 Generally, a minimum of three quotations are sought.

4.2.3.3 Where possible, these must be written quotes.

4.2.3.4 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.

4.2.3.5 This method may be suitable for, low risk procurement activities.

4.2.4 **Purchase Orders (PO)**

4.2.4.1 This is where Council is purchasing routine, low value and low risk goods and services.

4.2.4.2 Generally, Purchase Orders have limited terms and conditions and as such should not be used for non-routine, high value or high-risk goods and services.

4.2.4.3 All purchase orders must undergo a two-step authorisation process to ensure appropriate oversight and financial accountability. This includes:

- Initiation by the requesting officer; and
- Approval by a delegated officer in accordance with the Delegations of Authority.

4.2.5 **Request for Quotations (RFQ)**

4.2.5.1 This is where Council obtains written quotations from

prospective suppliers.

4.2.5.2 Generally, a minimum of three written quotations are sought.

4.2.5.3 This method may be suitable for simple, largely price-based purchases.

4.2.5.4 A “Short Form Request for Quotation” can be used for purchases with minimal specifications.

4.2.5.5 A “Long Form Request for Quotation” can be used for purchases with detailed specifications.

4.2.6 **Requests for Expressions of Interest (REOI)**

4.2.6.1 This is where Council issues an open invitation for a proposed goods and/or service.

4.2.6.2 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.

4.2.7 **Request for Tenders (RFT)**

4.2.7.1 This is where the Council issues a tender for a proposed goods and/or service.

4.2.7.2 Council may issue a “Select” Request for Tender where it has where it has reasonable grounds for only dealing with a select group of potential suppliers.

4.2.7.3 Otherwise, Council may issue an “Open” Request for Tender.

4.2.8 **Vendor Panel/SA Tenders**

4.2.8.1 Council reserves the right to obtain goods or services from Local Government Vendor Panel or SA Tenders or any other avenue that may result in Council obtaining value for money.

4.2.9 **Panel Contracts**

4.2.9.1 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:

- A standing offer from a pool of suppliers for the

provision of goods and services on agreed terms; or

- The prequalification of certain suppliers who may or may not be engaged on terms to be agreed.

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

4.3 **Strategic Alliances**

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

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

5. QUOTES & PURCHASE ORDER EXEMPTIONS

5.1 The following list of procurement items will be excluded from requirements of quotes and purchase order:

5.1.1 ongoing banking fees and charges;

5.1.2 software licences (i.e. Microsoft, Adobe);

5.1.3 subscriptions and memberships (i.e. LGA Membership);

5.1.4 sole utility services including SAPN and SA Water;

5.1.5 insurance premiums and excess payments through LGRS;

5.1.6 vehicle registrations;

5.1.7 vehicle and plant servicing, maintenance and repairs;

5.1.8 fees or payments imposed under any Act;

5.1.9 payments pursuant to any court order binding upon Council;

5.1.10 allowances to elected members and independent members on Council committees;

5.1.11 ad hoc Auditors Fees (i.e audits for grant acquittal);

5.1.12 travel and accommodation;

5.1.13 conference / training and incidental expenditure for Council Members or staff;

5.1.14 fuel payments where the account consists of fuel card purchases;

5.1.15 when a contract agreement is in place;

5.1.16 postal freight and courier services;

5.1.17 emergency situation, e.g. cost to remove fallen tree, cost to resolve drainage issues, urgent customer service request, safety etc.;

5.1.18 lawyer and conveyancer fees associated with normal day-to-day operations;

5.1.19 reimbursement to staff and Council Members; and

5.1.20 instances when business continuity plan is activated.

6. CONSIDERATIONS FOR COUNCIL

The appropriate method of procurement will be determined by reference to a number of factors, including the preliminary assessment checklist, and risk assessment (refer Appendices A & B), including:

6.1 Value of the Purchase

Value of Purchase ($) *excl GST	**Methods of Procurement**	**Considerations**
Up to $1,000	• Use Petty Cash per the Internal Control Policy – *Petty Cash* • Verbal Quote (documented) • Direct Purchase • Preferred Provider Panel Contracts (vetted) • Vendor Panel • Creditor/On-Account with a supplier (i.e. IGA, post office) • Strategic Alliances	• Purchase order not required. • Written quotation not required. • Tax Invoice required.
$1,001 to $10,000	• Direct Purchase. • Vendor Panel. • Strategic Alliances.	• Purchase order required. • Prior to issuing an approved PO, as least one (1) written quotation to be sought. • Tax Invoice required.

$10,001 to $100,000	• Direct Purchase. • Vendor Panel. • Strategic Alliances. • Select Tender.	• Purchase order required. • Dependent on the purchase value and degree of risk to the organisation, prior to issuing an approved PO, as least three (3) written quotation to be sought. • Tax Invoice required. • Procurement process to be documented, approved by the delegate and recorded in accordance with clause 10 to mitigate organisational risk.
$100,001 to $250,000	• Request for Tender. • Vendor Panel. • LGA Procurement.	• A Council agreement / contract is required for successful tenders; which is recorded and registered accordingly. • Tax Invoice required.
$250,001 and above	• Open Request for Tender.	• A Council agreement / contract is required for successful tenders; which is recorded and registered accordingly. • Tax Invoice required.

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

6.2.1 single one-off purchase – the total amount, or estimated amount, of the purchase (excluding GST);

6.2.2 multiple purchases – the gross value, or the estimated aggregated gross value, of the purchases (excluding GST); or

6.2.3 on-going purchases over a period of time – the annual gross value, or the estimated annual gross value, of the purchases (excluding GST).

6.3 cost of an open market approach versus the value of the acquisition and the potential benefits;

6.4 the particular circumstances of the procurement activity;

6.5 the objectives of the procurement;

6.6 the size of the market and the number of competent suppliers;

6.7 the Council's leverage in the marketplace;

6.8 time constraints; and

6.9 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.

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 a tender process will not necessarily deliver best outcome for the Council, and other market approaches may be more appropriate.

7.2 In certain circumstances the CEO (through delegation) or Council (by way of resolution) may 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 on the Request for Departure procurement form. For the purpose of monitoring, a report is to be submitted to the Audit & Risk Committee in July of at the end of each respective financial year outlining any/all exemptions made under this section.

7.3 Situations where it may be appropriate for the Council to waive application of this Policy are:

7.3.1 there may be significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and property;

7.3.2 the pressures of time are such that an open tender call is not feasible, such as where;

7.3.2.1 there has been an unanticipated Council or Government policy decision;

7.3.2.2 council purchases assets or goods at an auction;

7.3.2.3 council purchases second hand assets or goods;

7.3.2.4 short deadlines imposed by grantors to spend external funding.

7.3.3 a supplier or contractor is evidenced to be a "sole supplier or contractor" in the market and effectively a niche specialist or monopoly, rendering the tender process redundant;

7.3.4 a supplier or contractor who has considerable background knowledge and experience, or specialist expertise on that particular Council project or asset e.g. an extension of a previous project. In such circumstances, the procurement of assets, goods, or services on negotiated fees and terms through that supplier or contractor alone may be deemed sound and advantageous to the project. This could include engaging the supplier or contractor on a retainer basis for a specified period of time;

7.3.5 insufficient market response(s) to Informal RFQ, Formal RFQ, REOI, and/or RFT.

7.3.5 continuation of services under an existing purchasing arrangement (i.e. variations/extensions to existing purchase orders or agreements);

7.3.6 goods or services are being provided under an existing purchasing arrangement (i.e. warranty, servicing, maintenance or defects liability); and

7.3.7 where knowledge, design and/or intellectual property is being retained to secure continuity of a staged initiative which may be disadvantaged (e.g. time, objective, financially) if subjected to a further competitive engagement process.

8. PRUDENTIAL REQUIREMENTS

Through its Prudential Management Policy, Council aims to ensure that a Council project is undertaken only after an appropriate level of "due diligence" is applied to

the proposed project, and to ensure that each Council project is managed during the project and evaluated after the project, to achieve identified public benefits or needs; and to minimise financial risks.

9. FINANCIAL DELEGATION

In accordance with sections 44 and 101 of the Act, the Chief Executive Officer can sub-delegate the function and power with appropriate limitations, to expend fund as the Council thinks fit in the exercise, performance or discharge of its powers, functions or duties. The Chief Executive Officer may, from time to time, alter financial delegations as appropriate.

10. RECORDS

10.1 Where a Method of Procurement results in Council entering into a contract, Council must keep a written record of the contract. Such records will be kept and maintained by Council in accordance with the General Disposal Schedule (GDS40) as approved by State Records Council.

10.2 Where a Council employee, Council Member or relative of either is considering providing goods, works or services to Council, they must declare a conflict of interest.

10.3 All details regarding the conflict and an application for an exemption to this Policy must be submitted in writing to the Chief Executive Officer before any procurement methods are entered into. The Chief Executive Officer will assess the application, options available and the impact on Council before providing written advice of the decision.

11. FURTHER INFORMATION

This Policy will be kept on the Council's website for the public to view. However, Council may revise or review this Policy at any time (but not so as to affect any process that has already commenced).

12. DOCUMENT AND ADMINISTRATION CONTROL

COUNCIL POLICY	
Policy title:	Procurement Policy
Responsible officer:	CEO
Version:	5.0

Committee review:	Audit & Risk Committee
First issued / adopted:	11/04/2017
Review frequency:	Within twelve (12) months of a Local Government general election or as required by legislative requirements
Last reviewed:	October 2025
Next review date:	By November 2027
Applicable legislation / related documents:	*Local Government Act 1999 (SA)* *Competition and Consumer Act 2010* *Competition Policy Reform (South Australia) Act 1996* *Local Government (Elections) Act 1999 Caretaker Provisions* *Local Government (Financial Management) Regulations 2012* *Better Practice Model-Internal Management Controls* *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*
Delegations:	*Sub-delegations detailing authorised purchase 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 good 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.*

APPENDIX A

Cost (ex GST)	Risk Rating	Procurement method	Exceptions
<$1,000	N/A	**Any Method Below Plus: Purchase Card. Verbal Quote (documented). Direct Purchase. Panel. Strategic Alliance.**	N/A
$1,001 to $10,000	N/A	**Any Method Below Plus: Direct Purchase. Panel. Strategic Alliance.**	N/A
$10,001 to $100,000	Low	**Any Method Below Plus: Direct Purchase. Panel. Strategic Alliance. Select Tender.**	N/A
	Moderate		
	Significant		CEO – Clause 7 of *Procurement Policy*.
	High		
$100,001 to $250,000	Low	**Any Method Below Plus: Request for Tender. Vendor Panel. LGA Procurement.**	
	Moderate		
	Significant		
	High		
$250,001 and above	Low	**Open Request for Tender.**	
	Moderate		
	Significant		
	High		

APPENDIX B
Risk Assessment Guidance

#	Risk indicator question	Risk (delete n/a)
1	Is this good or service something: • Council has previously purchased from the same supplier? • Which is recurring in nature (of the same goods or service) or high volume (for example food and beverage)	Y = Low N = High
2	Do you know there have been no significant changes in the market for the good or service you are procuring (for example highly competitive market)?	Y = Low N = High
3	Could the procurement have a negative impact on stakeholders or attract media interest?	Y = High N = Low
4	Do you expect there to be a high level of impact on the operations of Council? (for example: a broad reaching change, or significant impact where change of provider is required)	Y = High N = Low
5	Will the contract result in an ongoing cost increase and/or FTE?	Y = High N = Low
6	Is it a complex good / service being purchased that will be difficult to integrate into the business?	Y = High N = Low
7	Do you expect limited or insufficient responses from quality vendors?	Y = High N = Low
8	Do the goods/services require substantial customisation OR is the scope of specifications not fully known (e.g. supplier innovation required).	Y = High N = Low
9	Are there any other risks?	H, S, M, L
Determine Overall procurement risk rating		Low Moderate Significant High

Indicators:

- 3-4+ questions which result in a high-risk answer usually means the procurement is a High risk.
- 2-3 questions which result in a high-risk answer usually means the procurement is a Significant risk.
- There is potential for many Moderate risk answers to equate overall to a high-risk procurement.