

PROCUREMENT FRAMEWORK

Policy No: DCSB-FM-07.17	Approved on: 20 February 2024	Administered by: General Manager of Business
Last Reviewed: New	Review Date February 2025	Record No: 418606
Classification: Strategic Management		
<p>Strategic Plan link: A Council that is actively responsive to community needs and delivers financial sustainability, governance and leadership</p>		
<p>References and related Policies, Procedures and Forms:</p> <ul style="list-style-type: none"> DCSB-FM-07.05 – Procurement Policy DCSB-FM-07.03 – Internal Financial Controls Policy DCSB-FM-07.14 – Asset Management Policy DCSB-FM-07.07 - Disposal of Land & Assets Policy DCSB-IFM-13.03 – Freedom of Information Policy DCSB-SM-18.00 – Risk Management Framework DCSB-SM-18.01 – Risk Policy DCSB-G-09.08 – Fraud, Corruption, Misconduct and Maladministration Policy DCSB-HS-12.02- Hazard Management Policy DCSB-HS-12.05 WHS Contractor Management Policy DCSB-FM-07.12 – Credit Card Policy DCSB-FM.07.13 – Prudential Management Policy DCSB-CR-02.02 – Public Consultation Policy DCSB-HR-12.02 – Code of Conduct DCSB-IFM-13.01 – Records Management Policy DCSB-G-09.01 - Code of Conduct for Council Members DCSB-HR-12.02 – Employees Code of Conduct DCSB-SCC-17.01 – Council Emergency Management Policy DCSB-CR-02.01 – Customer Complaints Policy DCSB-EM-05.03 – Sustainability and Environment Policy DCSB G-09.08 – Fraud, Corruption, Misconduct and Maladministration Prevention Policy Work Health Safety and Return to Work Policy DSSB-HS-PROC-12.13 WHS Contractor Management Policy DCSB-07 Form 08 – New Creditor Form Procurement Forms and Templates Procurement Register Procurement Delegation Table 		

Contents

1.	OVERVIEW	3
1.1.	Introduction	3
1.2.	Scope.....	3
1.3.	Legislation.....	3
2.	PROCUREMENT PRINCIPLES.....	4
2.1.	Encouragement of Open and Effective Competition	4
2.2.	Obtaining Value for Money.....	Error! Bookmark not defined.
2.3.	Probity, Ethical Behaviour and Fair Dealing	Error! Bookmark not defined.
2.4.	Accountability, Transparency and Reporting ...	Error! Bookmark not defined.
2.5.	Ensuring compliance with all relevant legislation	Error! Bookmark not defined.
2.6.	Sustainable Procurement.....	Error! Bookmark not defined.
2.7.	Work Health & Safety	Error! Bookmark not defined.
2.8.	Definitions	Error! Bookmark not defined.
3.	PROCUREMENT DECISION MAKING PROCESSES	11
3.1.	Procurement Planning.....	11
3.2.	Requirement Definition.....	11
3.3.	Sourcing.....	18
3.4.	Evaluation and Selection.....	20
3.5.	Contract Award	22
3.6.	Contract Management.....	23
3.7.	Registers.....	24
4.	RELATED PROCUREMENT PRACTICES	25
4.1.	Financial Delegations	25
4.2.	Risk and Opportunity Management	25
4.3.	Insurance	25
4.4.	Unsolicited Proposal.....	25
4.5.	Work Health Safety Management.....	26
4.6.	Social, Economic and Environmental Sustainability.....	Error! Bookmark not defined.
4.7.	Conflict of Interest	26
4.8.	Prequalified Contractors Register	26
4.9.	Supplier Finance System Approval.....	27
4.10.	Sale and Disposal of Other Assets	28
4.11.	Prudential Management	28
4.12.	Grievance Process	28

1. OVERVIEW

1.1. Introduction

This document sets out a Procurement Framework (Framework) for the District Council of Streaky Bay to support the Procurement Policy (Policy). The Framework is to be used in conjunction with the Policy and provides information on the key processes, considerations, roles and responsibilities for the procurement and contracting of goods, services or works. Where a term, role, standard, process or other element in the Framework has a counterpart in the Policy, then it accords with that counterpart.

1.2. Scope

The Framework is applicable to all procurement activities carried out by staff of District Council of Streaky Bay. It is not a 'how to' guide.

The Framework:

- formalises procurement procedures and processes;
- enables monitoring of conformance to policies and procedures;
- serves as a training guide;
- advises accountability when undertaking procurement;
- recognises that process design should reflect the nature and value of procurement; and
- does not exhaustively address all procurement matters, and makes reference to supporting documents or contact persons where appropriate.

Included Functions:

- Acquisition of Goods
- Acquisition of Services
- Acquisition of Works
- Acquisition of Motor Vehicles and Plant
- Acquisition of Land
- Utilities
- Insurance

Excluded from scope:

- non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and direct employment contracts between Council and an employee; or
- the disposal of land and other assets owned by the Council;

1.3. Legislation

The purchase of all products and services is to be conducted in accordance with the *Local Government Act 1999* and any other relevant legislation.

2. PROCUREMENT PRINCIPLES

The nine core principles as specified in Council's Procurement Policy, as outlined below form the principles being any procurement undertaken by Council:-

Objective 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 and contractors to enable them to quote or tender.

Objective 2 - Value for Money

Value for money outcomes can be achieved through balanced consideration of financial and non-financial factors relevant to the procurement.

The following factors should be considered:

- 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 and contractor.
- Fit for purpose of the proposed goods or service.
- Whole of life costs including acquiring, using, maintaining and disposal.
- Council's internal administration costs.
- Technical compliance issues and costs.
- Risk exposure and WHS considerations.
- Prevailing market forces and trends.
- The value of any associated environmental benefits.
- Local Economic development and social inclusion.
- Trade-in values. and
- Other relevant matters identified in specific procurement process documentation.

Objective 3 - Probity, Accountability and Transparency

All procurement shall be undertaken in a manner that ensures:

- Clearly established roles and responsibilities.
- Appropriate record keeping and documentation.
- Integrity through transparency of process and documentation of decisions made.
- Adherence to relevant legislation, policy, and procedure.
- Identification and management of actual or potential conflicts of interest. and
- Confidentiality of all commercial information.

A Probity Advisor and/or Auditor may be appointed to advise on, or review, the procurement activity.

Objective 4 - Ethical Behaviour and Fair Dealing

All personnel involved in procurement activities are to:

- Behave with impartiality, fairness, openness, integrity, and professionalism.
- Provide all suppliers and contractors with equal opportunity to supply to Council.
- Establish clear and easy to understand documentation requirements, evaluation criteria and methodology.
- Provide consistent processes and constructive feedback on decisions upon request from suppliers and contractors. and

- Ensure effective communication and provision of information to all suppliers and contractors.

Objective 5 – Identification and Management of Risk

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

Risks relating to the procurement process may include:

- Procurement of unsuitable product or service.
- Funding (e.g. internal & external, impact on long term financial plan).
- Probity failure.
- Inappropriate or inadequate specification.
- Negotiation of agreement terms/failure to agree to terms.
- Actual or perceived breach of probity/confidentiality.
- Lack of responses/limited supplier participation. and
- Evaluation processes.

Risks relating to the engagement of the product/service provider may include:

- Supplier capability/capacity/availability.
- Agreement management/supervision.
- Price variations.
- Agreement disputes. and
- Unauthorised change in scope of work.

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 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.

Risk Based Approach to Market

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.

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.

- If the procurement of services, goods, materials or plant and equipment involves implications for work, health or safety, Council's Work Health & Safety & Risk Management Team should also be consulted prior to such procurement. and
- Where appropriate, procurement evaluation must ensure an appropriately skilled person confirms all WHS requirements.

Objective 6 - Environmental Sustainability

Council promotes environmental sustainability through its procurement activities and will consider the purchase of environmentally sustainable goods and services that satisfy the value for money criteria when all other financial and commercial considerations are equal. This can be by:

- Purchasing recycled and environmentally preferred products where possible.
- Adopting purchasing practices which conserve natural resources.
- Aligning the Council's procurement activities with principles of ecological sustainability.
- Select products and services which have lower environmental impacts across their life cycle compared with competing products and services.
- Integrating relevant principles of waste minimisation and conservation of energy.
- Provide leadership to business, industry, and the community in promoting the use of

- environmentally sensitive goods and services. and
- Fostering the development of products and services which have a low environmental impact.

Objective 7 - Local Economic Benefit

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

Council will endeavour to, at its discretion and to the full extent permitted by law, support local businesses by:

- Promoting to local and regional businesses opportunities to supply to the Council.
- Giving preference to local business when all other commercial considerations are equal.
- Encouraging Aboriginal and Torres Strait suppliers and contractors 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. and
- Considering economic and social inclusion elements such as employment creation and training opportunities specifically within the Council area.

Objective 8 - Social Impact

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:

- Indigenous Suppliers and Contractors.
- People with a disability.
- Women in business.
- Small to medium business.

Objective 9 - Effective Management of the End-to-End Procurement Lifecycle

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

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 or services being acquired.

2.1. Definitions

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.
Buyer	A generic term to describe the organisational role of someone whose job involves acquiring goods and/or services. Buyers may also include managers and senior executives who are the prime value-for-money decision-makers for major procurement projects that are facilitated by specialist procurement staff. Buyers may not have procurement as their single focus.
Disclosure of Conflict of interest and Confidentiality Agreement	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	<p>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:</p> <p>provision of expert analysis and advice</p> <p>development of a written report or other intellectual output</p> <p>(Source: Department of Treasury and Finance, Financial Reporting Directions 22G Standard disclosures in Report of Operations November 2015)</p>
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.
eProcurement	also known as electronic procurement or supplier exchange, is the online conduct of business-to-business procurement processes using web based applications.
Evaluation matrix	A table that summarises the score or ranking of each offer against the procurement specifications.
Evaluation plan	A document that details the methods, techniques and resources allocated to evaluate offers.
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.
Financial delegation	A power handed down to a second party to act on their own behalf, but not including power to further delegate. The second party is responsible for actions arising from their use of such power.
Force majeure	Acts of God and other specified risks (ie terrorism) beyond the control of the parties to the contract and as a result of which a party is prevented from or delayed in performing any of its obligations under the contract. (The force majeure clause must be drafted into a contract).
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.
Product Liability Insurance	Covers against legal liability for personal injury or property damage arising as a consequence of a defective product (including repairs)
Professional Indemnity Insurance	Covers against legal liability which may arise out of an act, omission or breach of professional duty in the course of business such as the provision of negligent advice. It is only required where professional advice or services are being supplied.
Public Liability Insurance	Covers against legal liability for personal injury or property damage arising as a consequence of duty of care to third parties.
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.
Respondent	(invitee, supplier, bidder) someone who has or intends to submit an offer to an organisation. Often used interchangeably with potential suppliers or tenderers.
SA Tenders and Contracts	SA Tenders and Contracts means the South Australian Tenders and Contracts website (www.tenders.sa.gov.au)
Scope of work	The range of activities to be undertaken as part of a contract for services. The scope of work may specify what has to be done and by when. See also Specification.
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).

3. PROCUREMENT DECISION MAKING PROCESSES

Generally, the procurement process involves six broad stages and reflects the procurement activities from the decision to purchase the goods or services through to the preparation of contracts and payment of invoices.

STAGES OF THE PROCUREMENT CYCLE

The relative importance of the different stages within the process will depend on the size and type of procurement activity being proposed.

3.1. Procurement Planning

The first stage in the procurement process is to identify and fully define the need in relation to the activity. Poor identification of needs may lead to assets and services being procured that do not fully meet the need of the Council, potentially incurring wasted time, effort and expenditure.

Council will plan its procurement activities by way of a process of identifying, understanding and delivering procurement requirements within the wider organisational planning and performance, asset management, program delivery and risk management frameworks.

3.1.1. Establish the Business Need

Start by clearly defining the need for the purchase and specify what is to be purchased.

Consider the range of purchase options available and the potential sources of supply. Poor identification of needs and suppliers may lead to incorrect products or services being sought or offered, resulting in additional time, effort and cost.

Activities that can assist in establishing the business need include:

- Undertake research to identify purchase and potential suppliers;
- Identify/agree the outcome and determine best purchasing option in terms of policy requirements, risk, cost and other management issues; and
- Preliminary cost-benefit analysis.

3.1.2. Preparing a Business Case

Where a purchase is likely to be high-risk, high-value or of a unique nature, consider developing a business case. The business case defines the scope of the purchase, develops the implementation strategy and ensures that the option selected will meet the Council's requirements. It is similar to an Acquisition Plan but goes into much more detail.

Issues to consider when developing the business case include:

- Identify and appraise options;
- Establish affordability;
- Develop program or project brief;
- Develop the procurement strategy and process to ensure a viable outcome (contract) can be achieved; and
- Obtain endorsement from appropriate authority.

Please note: It is important to consider WHS issues when planning a purchase. In particular when considering the procuring Plant review to the WHS Plant and Equipment Procedure. When procuring a service consider the WHS Contractor Procedure.

3.2. Requirement Definition

The second stage is to clearly define the requirement, what is actually needed, start developing the specifications or project brief.

Having defined the requirements, the process should continue by:

Electronic version on the Intranet is the controlled version. Printed copies considered uncontrolled. Before using a printed copy, verify it is the current version

- reviewing options to satisfy this need (including non-procurement alternatives E.G utilising in house staff) to determine whether the procurement is the best means to deliver a value for money outcome
- reviewing any lessons learnt from previous procurement activities for this type of good/service
- confirming availability of funds/budget
- Developing and approving a business case (if appropriate).
- aligning with any project plans

A well-planned purchasing process will ensure that policies are followed, pitfalls are avoided and a successful outcome is achieved. It is important to plan the entire purchase process before starting. Errors, uncertainty and unrealistic timelines can undermine market confidence, discredit a purchasing process and devalue the outcome of the procurement. The second step in defining the requirement is to complete an Acquisition Plan

Probity needs to be considered at all stages of any Procurement Process. The interlinked principles and objectives of probity are:

- Fairness and impartiality.
- Transparency of process.
- Independence through effective management of conflicts of interest.
- Accountability of process.
- Security and confidentiality of information and materials.

These principles need to be built into any procurement plan.

3.3. Determining Procurement Process

The procurement process is divided into two distinct streams; one involves a competitive process which will test the market and (**Competitive Sourcing**), whilst the other stream does not require a competitive approach to the market (**Direct purchasing**).

Competitive sourcing differs from direct purchasing because it allows a more thorough evaluation of complex procurement goods services or works. Direct purchasing is more suited to procuring relatively simple items, sometimes described as “off the shelf”.

All procurement should be conducted in a way that supports Council in delivering its strategic objectives. The Framework outlines the stages in the procurement process and how they will be managed, including acquisition planning, the approach to market strategy, evaluation planning, contract preparation, receiving the acquisition and details of relevant approval procedures.

When purchasing goods, services or works, there are a number of methods that can be used to interact with suppliers. The underlying principle is to balance the value of the purchase with efficiency of process, risk and probity. When considering the value of purchase consideration should be given to the annual spend with a particular supplier.

Purchases which are low value (<\$10,000 – gst exclusive) low risk or low complexity should be sourced directly from the supplier using purchase cards by obtaining at least one quotation (verbal or written), preferably through existing pre-qualified contractors. Although authorisation for purchase cards does not occur prior to payment, this is considered acceptable given it use only for low value and low risk purchases.

Purchases which are low value (\$10,001 to \$20,000 – gst exclusive) low risk or low complexity should be sourced directly from the supplier obtaining at least two quotation (written), preferably through existing pre-qualified contractors.

Those items which are high value (>\$20,000 – gst exclusive) or are of high risk and/or high complexity should be procured through more stringent processes which are to be identified in an Acquisition Plan.

Transaction processing costs are lowest with direct purchasing methods such as purchase cards, Purchase Orders and higher for strategic sourcing methods and more competitive processes, such as tenders.

The decision matrix below outlines the different transacting methods to be considered before developing an acquisition plan.

PROCUREMENT OPTIONS

Procurement Amount (GST Exclusive)	Planning							Supplier Selection						Contract Management							
	Verbal Quote	1 written quote	2 written quotes	3 written quotes	Acquisition Plan	CEO Approval	Written Specification	RFQ- Open or Select	RFT- Open or Select	EOI	Evaluation of Quotes or Tenders	Purchase Recommendation	Register Inclusion	Purchase Order	Draft Contact	WHS Inductions	WHS Contract Monitoring Form	Check contract deliverables received	Payment Method	Approvals of invoices for payment	Magis Docs
< \$5000	✓	Option	Option											✓				✓	Visa Card, Petty Cash or Invoice	✓	
\$5,001 to \$10,000		✓	Option	Option										✓				✓	✓	✓	
\$10,001 to \$20,000			✓	Option	Option	Option	Option	Option	Option	Option				✓		Option	Option	✓	✓	✓	✓
\$20,001 to \$50,000				✓	✓	✓	Option	✓	Option	Option	✓	✓	✓	✓		Option	Option	✓	✓	✓	✓
\$50,001 to \$100,000				✓	✓	✓	Option	✓	Option	Option	✓	✓	✓	✓	✓	level of risk	level of risk	✓	✓	✓	✓
> \$100,000					✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	level of risk	level of risk	✓	✓	✓	✓
Procurement over \$ 200,000 - requires Council Approval.																					
High Risk Projects should automatically default to RFT.																					

The existence of a Contract / Agreement does not negate the requirement for a Purchase Order.

An Acquisition Plan will always be required:

- If a contract/Agreement is to be signed with the supplier(Contract refers to agreeing to a set of terms and conditions either District Council of Streaky Bay or the suppliers, excluding Purchase Orders)
- If the procurement is greater than \$20,001 (gst exclusive)

Purchase orders are required for all purchases – with the exemption of Petty Cash Purchases and or Credit Card Purchases

3.4. Acquisition of Land

Any decision to acquire land will be made after considering (where applicable):

- The usefulness of the Land
- The intention for the use of the Land
- The current market value of the Land
- The total estimated value of the Acquisition
- The annual cost of maintenance
- Any alternative future use of the Land including the inclusion of affordable housing
- The number of known potential purchasers of the Land
- Any duplication of the Land or the service provided by the Land
- Any impact the Acquisition of the Land may have on the community
- Any cultural or historical significance of the Land
- The positive and negative impacts the Acquisition of the Land may have on the operations of the Council
- The long term plans and strategic objectives of the Council
- A benefit and risk analysis of the proposed Acquisition
- The results of any community consultation process
- The opportunity to promote local economic growth and development
- Any restrictions on the proposed Acquisition
- The content of any Community Land management plan
- Delegation limits, taking into consideration accountability, responsibility, operation efficiency and urgency of the Acquisition
- Potential revenue from sale – impacted by topography and physical attributes including above and below ground infrastructure; preferred development outcomes such as housing density and development design; and current property market

- Compliance with statutory and other obligations
- Any potential land contamination or remediation costs
- Any other relevant policies of the Council.

3.4.1.1. The acquisition of land is managed outside of the Procurement procedures negating the need for a competitive quoting process. Due diligence must be considered in all land acquisitions.

3.4.1.2. A decision to purchase or acquire land is made by resolution of Council, unless specifically delegated as per the Local Government Act 1999

3.4.1.3. All acquisitions of Land are to be a decision of Council.

3.5. Acquisition Plan

An Acquisition Plan is required for all purchases over \$20,001 (gst exclusive)

The Acquisition Plan will identify cost and risk factors and provide details to enable approval of the appropriate method of procurement providing sign-off by the staff involved in the procurement process.

It will also permit an examination of risk factors which will influence the approach to market, with higher risk acquisitions requiring more stringent procurement planning, such as adjustment to specifications and conditions of contract with possibly a higher level of management oversight. Please note sometimes the terms and conditions of formal contract can be used to mitigate the risk involved in procurements with a value less than \$20,000 (gst exclusive). If a contract is required for procurement under \$20,000 (gst exclusive) an Acquisition Plan should be considered. When preparing an Acquisition Plan, access to existing contracts and preferred supplier lists should be considered. It is preferable to take advantage of existing arrangements rather than expending resources on unnecessary procurement activities.

When preparing an Acquisition Plan, consideration should be given to how the bids will be evaluated.

An Acquisition Plan must be approved by the Chief Executive Officer. The following forms to be used:

- DCSB-07-RFQ 02 – Procurement Plan
- DCSB-07-RFT 01 - Procurement Plan

Procurement Methods

3.5.1.1. Panel Contracts

Panel arrangements provide the benefits of both a competitive tender and a direct purchase model. Panel Contract arrangements consist of multiple suppliers that can supply goods, services or works on a regular or ad hoc basis. Examples include standard replacement assets, trades people, and professional services. Council selects the most appropriate supplier from the panel to supply the Goods or Service.

Panel Contracts occur after a quotation or tender process resulting in the prequalification of certain suppliers who are engaged on terms to be agreed. These terms may include pricing; if pricing is included a further quoting process is not required to access the supplier unless it is considered an improved Value for Money can be achieved by a Competitive process. All procurement above \$50,000 (gst exclusive) must be reviewed to ensure Value for Money is achieved. If pricing is not included in the contract then the procurement must be as per the Procurement Policy delegations e.g. three quotes for over \$50,000 (gst exclusive).

3.5.1.2. **Strategic Purchasing Co-operatives**

The process of conducting procurement activities through contract arrangements already established and administered by other organisations, such as Local Government Association Procurement (LGAP), state and federal government contracts and other any other purchasing group available to local government.

If the contract has been established via a competitive quoting process, and pricing is established, DCSB deems that these contracts are compliant with DCSB's Procurement Policy.

If utilising a Strategic Purchasing Co-operatives for procurement valued above \$50,000 (Gst exclusive) due diligence must be observed to ensure that Value for Money is being achieved

3.5.1.3. **Pre-qualified Providers**

Council may set up lists of Pre-qualified Providers for various categories. The Pre-qualification status demonstrates that contractors and consultants have met preliminary minimum requirements, including insurance, Work Health and Safety, licensing and qualifications. These Suppliers still need to go through a competitive sourcing process before they complete work for District Council of Streaky Bay

3.5.2. **Determining Risk**

A risk assessment will assist in identifying the level of risk associated with procurement, including supply risks, business risks, management risks, probity risks, Work Health and Safety risks, environmental risks, public safety, political risks.

It is recommended that all procurements above \$50,000 (gst exclusive) undertake a Risk Assessment.

Staff must refer to the Risk Management Policy when considering risk.

A number of controls to assess and manage risk throughout the procurement process have been put in place, these include:

- Requirements to complete an Acquisition Plan and procurement documentation over designated thresholds.
- The preparation of standard contracts which contain, insurance and limitations of liability clauses;
- Requiring security deposits or bank guarantees where appropriate;
- Referring specifications to relevant experts; and
- Use of, or reference to, relevant Australian Standards (or equivalent).
- Access to Risk Assessment tools in the Governance and Risk section of DCSB Hub

The Work Health and Safety Co-ordinator can assist in completing risk assessments. The form can be used is DCSB 12 – Form 41 – Combined Risk Assessment SOP Risk Control Evaluation Review.

3.5.3. **Exemptions from Policy**

There may be situations, such as emergencies or occasions where our procurement processes will not necessarily deliver the best outcome for Council, in which case other market approaches may be more appropriate. In these circumstances, the reason/s for not undertaking a competitive quotation or tender must be identified in the Acquisition Plan. Approval for exemptions is required by the Chief Executive Officer.

All exemptions must be recorded in a register (w:Registers/Procurement/Year – Exemptions Tab) which will be presented to the Executive Leadership Team on a bi-annual basis. The General Manager of Business is responsible for maintaining the Register. The procurement exemption number must be included in the note section on the purchase order.

The Acquisition Plan is to be attached as a document to the Purchase Order and also in Magiq Documents – Finance/Procurement Exemptions

Exemption may be sought for the following situations:

Electronic version on the Intranet is the controlled version. Printed copies considered uncontrolled. Before using a printed copy, verify it is the current version

Situations where it may be appropriate to waive application of this policy are:

- Emergency situations whereby there is significant public risk and or threat to life and or property
- To ensure that residents or occupants of Council owned buildings are not subject to undue discomfort or hardship due to breakdown of buildings or equipment.
- To ensure the security of Council assets;
- Continuation of work or service under an existing purchasing arrangement (ie variations/extensions to existing orders or contracts).
- Work, goods or service has already been subject to a recent competitive process and the pricing is still valid.
- Work, goods or service is being provided under an existing purchasing arrangement (ie warranty, servicing, maintenance or defects liability).
- The supply market is known to be limited.
- 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.
- Where it can be demonstrated that a procurement process will not deliver best outcome for Council and the community.
- Where the Council accesses a contract from an approved provider (refer Strategic Purchasing Co-operatives) established in accordance with transparent competitive tendering processes, it is deemed that these are contracts resulting from a tender process and, as such, will not be recorded as requiring dispensation.
- The exact same product or service (with the same specification) was chosen through a competitive procurement process within the last 12 months; and the supplier holds the price. It is not necessary to re tender or quote.
- Education or training in relation to existing equipment, licences, qualifications or software from a supplier endorsed by the supplier of the equipment, licence, qualification or software.
- A telecommunications service if:
 - the supply is ancillary to an existing telecommunication service.
- Recovery work during or immediately after a natural disaster and the council believes on reasonable grounds that it is necessary to obtain the supply from a particular supplier.
- Contracts for legal services.
- The acquisition of a supply from a supplier if a Commonwealth or State Government funding agreement entered into by the council states that a particular supplier is to provide the supply.
- Procurement exemption due to the specialized or confidential nature of the services, making it impractical or disadvantageous for the council to invite quotes or tenders.

These processes are in place as a “minimum guide” and should Council Officers assess the purchase to be of high risk or other applicable reason an alternative purchasing method may be used, however this must be approved by the Chief Executive Officer. This may include the use of a formal contract if multiple purchases are required from the same supplier.

When assessing the most effective method of obtaining goods and/or services, Council officers should consider the administrative costs to Council of seeking tenders or quotations independently, and the reduction of these costs which can be achieved by use of approved alternative arrangements outlined above.

A request for waiver of competitive process should not be viewed as a mechanism to speed processes in a way that will not stand up to rigorous scrutiny nor as a mechanism to obviate the need for careful forward planning.

Where a Funding Agreement specifies that Council must follow a prescribed tendering process which differs from the process outlined in this Procurement Policy, the project funded under that Agreement is exempted from the Policy.

Where a purchase is made in the event of any emergency the expenditure must be within the officer's delegated authority, limited to that required to alleviate the emergency situation only; and officers must ensure that appropriate methods of purchase are resumed as soon as practicable.

3.5.3.1. **Exemption Process Workflow**

- Initiator completes Acquisition Plan, identifies need for exemption
- Initiator completes Procurement Policy Exemption Form – DCSB 07–Form RFQ 2 and or Form RFT 1
- Initiator submits form to Chief Executive Officer
- Initiator updates the Procurement Register – Exemption Tab
- Initiator attaches signed form to the Purchase Order in Magiq
- Initiation puts the document in Magiq Documents – finance/procurement waivers

3.6. **Sourcing**

3.6.1. **Market Approach**

A typical quotation will require an invitation to suppliers, conditions of quoting (bid rules), a specification or consultant's brief, conditions of contract and response forms for the respondents to complete. Other documents that are required relate to the evaluation process, such as evaluation and probity plans and recommendation report.

All procurement over \$20,001 (gst exclusive) in value, should use Council templates. A suite of templates covering all aspects of the procurement process are available on the W: Drive – Forms & Templates – Contract and Tender – Procurement Guide – RFQ AND RFT

3.6.2. **Direct purchasing**

Direct purchasing is a procurement process undertaken by directly approaching and negotiating with one or more suppliers without testing the market. This method may be used for the purchase of low value, "off the Shelf" type goods, services or works under \$10,000 (gst exclusive). DCSB Staff are responsible for ensuring Value for Money is achieved and as such can source more than one quote.

Once the need has been identified, the following methods may be used when approaching suppliers:

3.6.2.1. **Purchase Cards**

These may be used to pay for goods within the card's limit. Purchase cards are cards issued through the ANZ Bank.

Good may be purchase via a Credit Card, but is not covered by Councils standard Terms and Conditions. The use of the Council credit card is encouraged when undertaking relatively low value, high volume transactions as it provides a lower transaction cost when compared with processing standard supplier invoices refer to the DCSB-07-12 – Credit Card Policy.

3.6.2.2. **Purchase Order**

Before requesting a verbal quotation from a supplier, thought should be given as to whether the product or service can be obtained via a panel agreement or a pre-qualified listing of contractors.

- **Obtaining a Quotation under \$5,000**

Direct purchasing is a procurement process undertaken by directly approaching and negotiating with one or more suppliers without testing the market, either verbal or written. A Council officer needs to be confident that council is obtaining value for money

- **Obtaining a Quotation under \$10,000**

Direct purchasing is a procurement process undertaken by directly approaching and negotiating with one or more suppliers without testing the market, by written quote.

- **Obtaining a Quotation under \$20,000**

Direct purchasing is a procurement process undertaken by directly approaching and negotiating with two or more suppliers without testing the market, by written quote.

- **Process**

The initiating officer must ensure a Purchase Order is raised,

If the Procurement is not considered low risk, a Risk Assessment is advised.

3.6.3. **Methods of Procurement Involving Competitive Sourcing**

The appropriate method of procurement will be determined by reference to a number of factors, including, value of the purchase, risks associated with the purchase and aspects relating to the availability of supply and other market conditions.

The procurement decision-making matrix on page 13 must be referred to when determining the method of procurement.

3.6.3.1. **Request for Quotation (informal)**

This is the process of obtaining verbal quotations from prospective suppliers. This method is suitable for purchases less than \$5,000 (gst exclusive). DCSB 07 – Form RFQ 1 – Informal Quotation Record Form can be used to keep a record of the quotation.

This is the process of obtaining written quotations from prospective suppliers. This method is suitable for purchases between than \$5,001 and \$20,000 (gst exclusive). See the Procurement Matrix table to see the required amount of quotes.

3.6.3.2. **Request for Quotation (RFQ)**

This is the process of obtaining written quotations from prospective suppliers. This method is suitable for purchases between \$20,000 (gst exclusive) and \$100,000 (gst exclusive). Council must Endeavour to obtain three written quotes unless approval for exemption from the procurement Policy has been obtained.

3.6.3.3. **Request for Expressions of Interest (REOI)**

This is an open invitation for the procurement of proposed goods or services. Expressions of Interest may be appropriate where:

- The requirement is complex, difficult to define, unknown or unclear.
- The requirement is capable of several technical solutions.
- Council wishes to consider ahead of formal tender processes such issues as whether those tendering possess the necessary technical, managerial and financial resources to successfully complete the project.
- Tendering costs are likely to be high and Council seeks to ensure that companies incapable of supplying the requirement don't incur unnecessary expense.
- It is necessary to pre-qualify suppliers and goods to meet defined standards.
- The requirement is generally known but there is still considerable analysis evaluation and clarification required (both of the objective and the solution).

3.6.3.4. Request for Tender (RFT)

This is a formal invitation for the procurement of goods or services, and is required for any procurement of goods and services, but not limited to, over \$100,000.

There are two types of RFT relevant to this Framework:

A. Open Request for Tender

An Open Tender must be advertised publicly in accordance with the Procurement Policy. Advertising will be through the use of the State Government's contracts and tenders web site (SA Tenders and Contracts). Council has the option of single advertisement in the Adelaide Advertiser or the local newspaper.

B. Select Request for Tender

A Request for Tender that is going directly to known suppliers of goods, works and services. This is used where there are a limited number of competitors with the required knowledge in the market place. Approval from the Chief Executive Officer is required.

3.7. Evaluation and Selection

3.7.1. Evaluation

An Evaluation Plan is a document that provides the overall concepts for accomplishing and managing evaluating of bids. All acquisitions should involve some level of evaluating to ensure effective, economical, and timely purchases of goods and services. The level of evaluation is dependent on various factors including complexity, dollar value, risk and visibility of the acquisition.

The essence of a consistent and transparent Quote/Tender consideration process is that it builds the confidence of potential suppliers in the council. All prospective supplier bids need to be evaluated in a systematic manner against clearly predetermined evaluation criteria.

Potential suppliers often invest considerable time, effort and resources in preparing and submitting offers to councils. In return they are entitled to expect fair treatment at every stage of the procurement process. Potential suppliers should all be provided with the same information

The risk associated with processes that are not fair and impartial is that they may limit the number of tenderers in the future and jeopardise a council's opportunity to obtain competitive prices and hence value for money.

A Tender Evaluation plan must be prepared and finalised and approved prior to release of the Tender to the market. This Plan will outline the method of evaluation and will include the weightings for the evaluation criteria and the names of the officers who will make up the evaluation team. These are included in the Acquisition Plan.

Evaluation Templates of plans are located on the wdrive

- DCSB 07 – Form RFQ 05
- DCSB 07 – Form RFT 06

As a general rule Council should not accept late tenders/quotes. This rule is well founded in the principle of equity and fairness in the management of tender processes. Council can confidently rely on a tender/quote condition which excludes late tenders from being opened.

Acceptance of a late tender or quote must be reviewed by the Chief Executive Officer.

3.7.2. No Tenders Received / All Tenders Received Rejected

In the event that a council undertakes a compliant public tender/quote process and does not receive any tenders or rejects all tenders on the basis they did not meet council's specifications outlined in the tender document, it has two options:

- 3.7.2.1. reissue tenders – either with or without amending the procurement requirements and the tender documents
- 3.7.2.2. seek an alternative means of delivering the service or works required under the tender without changing the requirements (including undertaking the service or works itself). If Council seeks to appoint another supplier (under what is sometimes called a direct negotiation) who did not submit when tenders were originally called it must ensure:
 - the grounds for rejecting the tender(s) received are on the basis they did not meet council's specifications outlined in the tender document, and/or did not provide value for money to council, and
 - it is highly unlikely that another competitor would submit a tender if the council retendered for the goods, services and/or works, and
 - the terms on which council intends to engage the third party contractor are the same as the specifications in the original tender documents, and
 - engaging the third party contractor will provide value for money to council.
 - approval must be delegated from the CEO to negotiate with a non-tendering supplier.

If a council amends the scope or intent of its requirements for goods, services or works so that it is materially different, this would constitute a new procurement. Council should then call new public tenders.

3.7.3. Probity

Each member of an evaluation team will declare any interest that might affect their impartiality prior to receiving any tenders for evaluation and must comply with the following interlinked principles and objectives of probity:

- Fairness and impartiality.
- Transparency of process.
- Independence through effective management of conflicts of interest.
- Accountability of process.
- Security and confidentiality of information and materials.

Probity must be considered and maintained during all stages of a Procurement process. It must be planned in to all facets of the process.

Disclosure of Conflict of Interest / Confidentiality Agreement must be completed. DCSB 07 – RFQ 04 or DCSB 07 – RFT

3.7.4. Negotiation

The evaluation team may negotiate with acceptable preferred providers to improve outcomes. Any negotiation process should be transparent, recorded and conducted in a manner that does not disadvantage other respondents. A Negotiation Plan may be prepared to enable a considered approach to any negotiations. The Conditions of Tender/Quoting must provide for negotiations to occur.

3.7.5. Recommendation and Approval

The evaluation team, must prepare a written report (Recommendation Report) once the evaluation is completed and a preferred supplier (or short-listed pre-qualified service providers) has been chosen.

This report describes the evaluation and recommends the outcome of the procurement process. All members of the evaluation team must sign the Recommendation Report.

The recommendation is then submitted to the approving authority, in accordance with the Acquisition Plan.

Successful and unsuccessful respondents should be advised in writing of the outcome of the evaluation process and a debriefing provided, if requested.

3.8. Contract Award

3.8.1. Purchase Orders & Contracts

Purchase orders provide a record of the intention to expend funds, evidence of the process of approval, separation of duties, and commitment of funds. A Purchase Order establishes Councils terms and conditions with the supplier.

Raising a Purchase order is a two phase process. The initiating officer creates the Purchase Order which is then authorised by the authorising officer. A Purchase Order is not official until it is approved. A Purchase Order should never be sent to a supplier, until it is approved.

All purchase of goods, services or works must be accompanied by a purchase order.

If a Contractor/Business is not in the Magiq Purchase Order system, then a Creditor Application Form will need to be completed – DCSB-07-Form 8 – New Creditor application.

If, Council has previously used a contractor, and you are unable to access them through the Magiq Purchase Order System, then this means, that the Contractor has become a non-complying contractor and will need to submit the required information to the Work Health and Safety Co-ordinator. Once this is done and verified, the Creditor System will be updated to allow for purchase order access.

3.8.2. Standing Purchase Orders

Standing Purchase Orders can be used when the Council Officer expects to receive multiple invoices against one purchase within one cost centre. This may be a purchase of goods that are received in multiple consignments or services that are received over a period of time. All normal controls relating to purchase orders apply to Standing Purchase Orders. Additional requirements are:

- Standing Purchase Orders relating to the provision of services must not extend beyond the current financial year.
- Where a Standing Purchase Order relates to multiple goods or different elements of services these must be detailed on separate lines of the Standing Purchase Order.
- Standing Orders should only be set up when a Contract exist with the supplier.
- As Standing Purchase Orders are likely to have a value equal to an entire project or multiple deliveries, it is advantageous for the Council that the total approved monetary amount is not displayed on the purchase order that is sent to the supplier.

3.8.3. Contracting

Purchase orders contain a basic set of contractual conditions that will be sufficient for most small and low risk purchases. Council's standard terms and conditions of contract/supply are provided to suppliers as part of the purchase order.

The terms and conditions of an executed contract take precedence over the standard terms and conditions contained within a purchase order.. **A Purchase Order is still required, even if a contract is executed.** Please note the standard Purchase Order terms and conditions clearly state that contract terms and conditions take precedence over the Purchase Order.

If a contract is to be issued, an Acquisition Plan must be completed by the purchase initiator and signed by the CEO. The Acquisition Plan will also define who will sign the contract under delegation. The contract must then be recorded in Council's Contract Register.
W:registers/procurement/year/contract tab

A signed copy of the contract must be put into the Magiq Records System

3.8.4. Receipting of Goods, services or works / Invoicing and Payment

Upon delivery of goods or fulfilment of services, a Council officer with knowledge of the receipt (goods received or services performed adequately), usually the initiator of the procurement must verify that the goods or services were delivered satisfactorily.

This verification is evidenced by, undertaking the Matching Process within the Magiq Purchase Order system.

At no time should the supplier be paid before the goods, services or works are delivered or service performed.

Once invoices have been matched they are forwarded to Accounts Payable Officer within Magiq who will facilitate payment to the supplier.

Council has two Creditor runs per month:-

- On or prior to the 15th day of the month
- On or prior to the 30th day of the month.

Generally, Council's standard payment terms requires payment 30 days from the end of the month in which the Council receives a valid tax invoice from a supplier.

Local Business and Contractors payment terms are payment 15 days from the date of the invoice, if Council has received a valid tax invoice from the supplier dated on or before the 1st of the Month.

Any requests by suppliers to vary Council's payment terms (30 days after month of invoice) should be referred to the General Manager of Business prior to purchase.

3.9. Contract Management

3.9.1. Project Management and Contract Administration

Once a contract has been executed and before the supplier has started work, it is important that the contract is managed diligently to maximise the commercial outcomes for the Council and minimise risk, in accordance with the Project Management Plan, if applicable. Project Management Plan Template is DCSB 18 Form 05 – Project Management Plan.

The responsible officer, usually the officer in charge of the project, should be appointed as the Project Manager and act as the Council's delegate when engaging with the supplier. The Project Manager will need to review all invoices and ensure that the supplier has invoiced the Council in accordance with the contract terms and conditions. This will include verifying the rates used, as well as multipliers, cost recoveries, CPI adjustments, and variations.

The Project Manager also needs to verify that the percentage of work complete and invoiced is accurate. The responsible officer should review all contract variations and assess whether they are part of the original contract scope. The Project Manager should ensure that all insurance policies and other relevant documents remain current throughout the life of the project.

For understanding the requirements of the Project Manager in the respect to WHS Management, the importance of communication between council and the contractor, and the documentation required to show we are effectively managing the WHS requirements with our contractors please refer to the DCSB – HS PROC – 12.13 - Contractor Management Procedure.

3.9.2. **Contract extension option management**

A contract extension option clause usually gives one party to a contract the right to elect to continue its term for further periods at certain prices or with pricing payable to be adjusted by an objective formula.

Where an extension option is present, Council must firstly assess whether value for money will best be achieved by exercising the extensions option or by going back out to the open market.

Where a contract extension option is taken up, the contract must be managed in accordance with the terms of the contract. In addition, relevant approvals and/or authorisations must be obtained prior to the council officer actioning the extension.

3.10. **Registers**

The registers for any procurement is located at w:registers/procurement register/year/xxx tab, and include tabs for

- Quotation Register > \$20,000
- Tender Register
- Expressions of Interest Register
- Contract Register
- Exemptions to Procurement Process

Prequalified Contractor Register

The Work Health and Safety Co-Ordinator is responsible for this register. This register is a list of Supplier that has met specified levels of compliance.

Register is found in Skytrust / Contractor Register

RELATED PROCUREMENT PRACTICES

There are numerous other functions that are directly related to the procurement process. While these functions may be outside the scope of this framework they need to be given consideration.

3.11. Financial Delegations

All purchases must be made in accordance with the Council's Staff Financial Delegation of authority. Purchases can only occur from an approved budget, unless an emergency spend clause is enacted. Council employees must only authorise the expenditure of funds in accordance with their financial delegations. Delegated officers will be required to sign off the procurement process in an Acquisition Plan to cover various stages of the purchasing process.

3.12. Risk and Opportunity Management

Council should ensure that appropriate internal controls and risk management are in place for its procurement activities.

The procurer should refer to Council's Risk Policy and Framework for guidance. DCSB-SM-18.00 Risk Management Framework and DCSB-SM-18.01 – Risk Management Policy.

In summary, risks must be identified in the procurement planning process. A higher exposure to risk may require a different procurement method. Council should balance risk with opportunity. Accepting some degree of additional risk can impact significantly in the cost of goods, services or works. If all the risk is transferred to the supplier, then the supplier will inevitably factor this risk into their price.

This can be inefficient, particularly in situations where the Council is in a more capable position to manage the risk. Council needs to consider how it structures its contracts (i.e. time and materials, lump sum, schedule of rates, cost plus, pain/gain, upper limits, plus/minus key limits).

Potential risks need to be identified in the project planning stage and transferred to the Acquisition Plan so that tender documents can be prepared which accommodate these risk factors. In that way suppliers are made aware of potential risks associated with a project and can address these in their tenders.

3.13. Insurance

The responsible officer needs to ensure the supplier has sufficient insurance coverage, such as professional indemnity, public liability insurance, Goods in Transit etc.

Council will use the standard contract templates for contract services to ensure the risks to Council have been minimised. The responsible officer needs to obtain the supplier certificates of insurance as part of the tender process. The recommended minimum Public Liability coverage is \$20,000,000.

The level of insurance required will differ for the nature of work the supplier performs. Suppliers who perform civil works have a higher risk of injury and community litigation, than a professional services consultancy.

Council should only require the level of insurance which is necessary, as over prescribing the insurance requirements can increase premiums for suppliers as this may be factored in to their costs. Advice can be provided by the LGA Mutual Liability Scheme where required.

3.14. Unsolicited Proposal

An Unsolicited Proposal is an approach to Council from a Proponent with a proposal to deal directly with the Council over a commercial proposition, where the Council has not requested the proposal. This may include proposals to build and/or finance infrastructure, provide goods or services, or undertake a major commercial transaction

Assuming the Council wants to procure the services provided by the proposal Council's position on Unsolicited Offers is that if the proposal can be delivered by competitors, then the proposal must be put through a competitive process.

Electronic version on the Intranet is the controlled version. Printed copies considered uncontrolled. Before using a printed copy, verify it is the current version

Unsolicited Proposals should only be considered with the authorisation of the Chief Executive Officer.

3.15. Work Health Safety Management

Council has an obligation to ensure that all suppliers working for the Council are committed to WHS management, as well as being competent in the provision of the contracted goods, services or works.

Council is required to select, induct and monitor suppliers and maintain WHS records relating to the work undertaken. A Job Safety Analysis (JSA) should be performed when a supplier is performing work for the Council.

Prior to new plant, equipment and chemicals being purchased the DCSB-06 Form 28 – Pre-purchase, Equipment and chemicals form to be completed.

Where hazardous goods, services or works are involved the Council is required to ensure all WHS and environmental requirements have been addressed with regards to the handling and storage of such goods, services or works.

Personnel should reference the WHS Contractor Management Procedure before commencing any procurement activity.

Further details and support can be obtained from Work Health and Safety Co-ordinator.

3.16. Conflict of Interest

Staff shall at all times avoid situations in which private interest's conflict, or might reasonably be thought to conflict, or have the potential to conflict, with their Council duties.

Staff involved in the procurement process, in particular preparing tender documentation, including writing tender specifications, tender opening, and tender evaluation panels, must meet the requirements of Section 120 of the *Local Government Act 1999*.

"If a staff member has an interest in a matter if the employee, or a person with whom the employee is closely associated, would, if the employee acted in a particular manner in relation to the matter, receive or have a reasonable expectation of receiving a direct or indirect pecuniary benefit or a non-pecuniary benefit or suffer or have a reasonable expectation of suffering a direct or indirect pecuniary detriment or a non-pecuniary detriment."

Basically this means that you or a close associate would receive benefit from a particular supplier, you must declare this interest. Benefit can be fiscal or material. It can be positive or negative.

Staff must not be involved in a Procurement process if there is a real or perceived conflict of interest. As per the *Local Government Act 1999* a member of staff must declare all potential conflicts. The CEO is the only authority that can determine if a conflict is relevant or not. This is detailed in the Conflict of Interest form

Disclosure of Conflict of Interest / Confidentiality Agreement: DCSB-07 Form RFQ 04 and DCSB-07 RFT 06.

3.17. Prequalified Contractors Register

The Prequalified Contractors Register provides Council with access to an array of Contractors with various skills that have already undergone assessment in areas of WHS and Insurance. Contractors on the Register present to Council an efficient and reliable contracting option for various projects.

The purpose of the Prequalified Contractors Register is to minimise risk to Council and to reduce the effort of individual Contractors at the time of responding to a market approach. The process aims to facilitate, but not replace, the Request for Tender processes. The department requesting a Supplier being placed onto the Prequalified Contractors Register is responsible for ensuring that the supplier's details are kept up to date on the register.

Suppliers can register to become a Prequalified Supplier to the DCSB at any time.. If a department decides a supplier should be added to the Prequalified Contractors Register, they will need to have the supplier complete the following Form and documentation

- * DCSB 12 form 100 Contractor pre – qualification registration form
- *

The following documentation is to be received, prior to the commencement of the Works.

- A Certificate of Currency for Public Liability Insurance.
- Evidence of current ReturnToWork SA registration (if applicable).
- Identification of a person within the organisation responsible for WHS.
- Copy of current relevant licences and certifications.
- Statement of agreement to work within the remit of any and all appropriate WHS requirements.
- Evidence of WHS policies and procedures that comply with legislative requirements and the organisation's minimum WHS standards; and
- Appropriate documentation that demonstrates that the hazards relating to the activities covered by the contractor have been identified, assessed and controlled and that any other specific legislative requirements are being met for the work being undertaken e.g. SWMS for high risk construction work, WHS Management Plan, confined space risk assessments, asbestos removal documentation, etc.

Additional information that is required based on the level of risk and the task or activity to be undertaken, which may include:

- Summary of WHS policies, procedures, and instructions e.g., WHS Management System.
- Sample(s) Safe Operating Procedures/Safe Work Instructions, relevant to the task.
- Incident reporting and investigation process, including a sample of an incident report form.
- Licence and training records, including an explanation of how the required licences are obtained and kept current.
- Emergency response procedures and management plans; and
- Evidence of meeting any other reasonable requirements that the organisation deems appropriate.

These forms are then forwarded to the WHS Co-ordinator. The supplier is placed on the register, by the WHS Co-ordinator, which is then accessible by all departments.

When obtaining quotes from suppliers on the Prequalified List, the Procurement Policy and Procedures must still be followed.

A supplier will be removed from the scheme one of two ways

1. Failure to supply updated insurance details or any Work Health and Safety Documentation
2. Request via a department due to poor performance. Procurement will conduct an investigation. Upon completion of investigation if warranted, in consultation with the originating department, the supplier will be removed from the list.

A Supplier once removed from the List can be reinstated once the required documentation is received.

Supplier Finance System Approval

Supplier must be entered into the Magiq finance system before DCSB engages them to perform services or goods.

Suppliers can register to become a supplier to the DCSB at any time. If a department decides a supplier should be added to the Supplier Register, they will need to have the supplier complete the following Forms

1. New Creditor Request Form – DCSB-07 Form 08
2. Statement by Supplier (Required if supplier has no ABN)

Completed forms are returned to the Accounts Payable Team.

3.18. Sale and Disposal of Other Assets

For the sale and disposal of land and other assets, the Council will refer to the DCSB-07 Form 07 Disposal of Land and Assets Policy.

3.19. Prudential Management

Prudential management attempts to foresee what adverse financial consequences might arise from any project that the Council is contemplating, and requires managing the project in such a manner as to capture the proposed benefits, while minimising, offsetting or otherwise taking into account of the foreseeable financial risks.

A council must obtain and consider a report that addresses the prudential issues (set out in clause 4 of this Policy) before the council engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body):

- a. where the expected expenditure of the council over the ensuing five years is likely to exceed 20% of the council's average operating expenses over the previous five financial years (as shown in the council's financial statements); or
- b. where the expected capital costs of the project over the ensuing five years is likely to exceed \$4,000,000 (indexed); or
- c. Where the council considers that it is necessary or appropriate.

Please refer to the Prudential Management Policy – DCSB-FM-07.13

1. Records Management

All records shall be kept and disposed of in accordance with Councils Records Management Policy & procedure and the current General Disposal Schedule.

Tender and Quotation and all associated documentation is to be recorded in the Council's Record Management System located in the following library:-

- Finance/Procurement - Tender/Year
- Finance/Procurement - Quote/Year

2. Further Information and Policy Availability

This policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's internet site: www.streakybay.sa.gov.au

District Council of Streaky Bay
29 Alfred Terrace
Streaky Bay SA 5680

3.20. Grievance Process

Any complaints or grievances concerning the Procurement process shall be resolved as per District Council of Streaky Bay's Complaint Handling Policy – DCSB-CR-02.01

Version Control

Version No:	Issue Date:	Description of Change:	Approved by:
1.0	January 2023	First Draft	

This Framework has been prepared to provide guidance on procurement in accordance with the District Council of Streaky Bay's Procurement Policy –DCSB-FM-07-05