PROCUREMENT POLICY

<table>
<thead>
<tr>
<th>Date and Reference of FRAC Authority Resolution</th>
<th>29 April 2016 / FRACA00005</th>
</tr>
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<tbody>
<tr>
<td>Review Frequency</td>
<td>Biennial Review</td>
</tr>
<tr>
<td>Board Review Date</td>
<td>18 May 2018</td>
</tr>
<tr>
<td>Next Review Due</td>
<td>May 2020</td>
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<tr>
<td>Policy/File Number</td>
<td>CO.197.1</td>
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<tr>
<td>Related Documents</td>
<td>Internal Financial Controls Policy</td>
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<tr>
<td></td>
<td>Risk Management Policy (including a Corporate Risk Register)</td>
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<td></td>
<td>Disposal of Land and Assets Policy</td>
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<td>Allowances &amp; Reimbursement of Expenses Policy</td>
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<td>Work Health Safety &amp; Return to Work Policy</td>
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<td>Environmental Protection Policy (to be developed)</td>
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<tr>
<td>Applicable Legislation</td>
<td>Local Government Act 1999 (sections 46, 48, 49; schedule 2 pat 19; and regulations).</td>
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<tr>
<td></td>
<td>Charter</td>
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<td></td>
<td>South Australia Work Health and Safety Act 2012</td>
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INTRODUCTION

This document sets out the FRAC Authority (the ‘Authority’) policy for the acquisition of goods and services and carrying out of the procurement principles. This policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts (including maintenance).

All Authority purchases must be carried out in compliance with the requirements of the Local Government Act 1999 (the Act), relevant Regulations under the Act and in accordance with the approved Authority budget.

In terms of specific requirements, s.49 (1) of the Local Government Act requires to prepare and adopt policies on contracts and tenders, including policies on the following:

- the contracting out of services
- competitive tendering and the use of other measures to ensure that services are delivered cost effectively
- the use of local goods and services
- the sale or disposal of land or other assets

The power and duty pursuant to s.49(2) of the Act to ensure that any policies on contracts and tenders:

- identify circumstances where the Authority will call for tenders for the supply of goods, the provision of services or the carrying out of works, or the sale or disposal of land or other assets
- provide a fair and transparent process for calling tenders and entering into contracts in those circumstances
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- provide for the recording of reasons for entering into contracts other than those resulting from the tender process

The duty pursuant to s.49(4) of the Act to make available for inspection (without charge) a policy adopted under this Section at the principal office of the Authority during office hours.

POLICY OBJECTIVE

The Authority’s purchasing activities aim to achieve advantageous procurement outcomes by:

- promoting value for money with probity and accountability
- advancing the Authority’s economic, social and environmental policies
- providing reasonable opportunity for competitive local businesses to supply to the Authority
- appropriately manages risk
- providing a framework to meet compliance with relevant legislation

RESPONSIBILITY

Authority delegates responsible for purchasing goods and services (Executive Officer and Board Members) must comply with this policy. It is the responsibility of the Authority Executive Officer and Board Members involved in the procurement process to understand the meaning and intent of this policy.

PROCUREMENT PRINCIPLES

Authority Executive Officer and Board Members must have regard to the following procurement principles in all purchasing activities:

Open and effective competition

Purchasing should be open and result in effective competition in the provision of goods and services. The Authority must give fair and equitable consideration to all prospective suppliers.

Value for money

The Authority must harness its purchasing power to achieve the best value for money. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration of:

- contribution to the advancement of the Authority priorities
- fitness for purpose, quality, services and support
- whole-of-life costs including costs of acquiring, using, maintaining and disposal
- internal administration costs
- technical compliance issues
- risk exposure
- the value of any associated environmental benefits

Encouragement of the development of competitive local business and industry

The Authority encourages the development of competitive local businesses within its member council areas and within the Fleurieu Region.
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Where price, performance, quality, suitability and other evaluation criteria are comparable, the following areas may be considered in evaluating offers:

- environmentally friendly/low impact considerations
- creation of local employment opportunities
- more readily available servicing support
- more convenient communications for contract management
- economic growth within the local area
- benefit to the Authority and/or the constituent communities of associated local commercial transaction

Environmental protection

The Authority promotes environmental protection through its purchasing procedures. In undertaking any purchasing activities, the Authority will:

- promote the purchase of environmentally friendly goods and services that satisfy value for money criteria
- foster the development of products and processes of low environmental and climatic impact
- provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services
- encourage environmentally responsible activities

Ethical behaviour and fair dealing

Authority Executive Officer and Board Members involved in purchasing are to behave with impartiality, fairness, independence, openness, integrity, and professionalism in their discussions and negotiations with suppliers and their representatives.

Contractors

Contractors are obliged to comply with the Board’s policies on Workplace, Health and Safety and environmental protection.

PURCHASE ORDERS

Purchase orders authorise the purchase of goods and services and need to be provided for all purchases except for:

- Government utilities
- Lease or contracts purchasing where the amount of use and/or the cost and/or the frequency is set in the agreement.
- Minor procurement via credit card under $100
- Credit card purchases for air fares and accommodation.

Standing Orders can be used to allow for minor regular purchases. The standing order needs to adhere to the purchasing policy and state the amount of authorised spending per month and the type of expenditure to be incurred.

PURCHASES UNDER $10,000 (EXCLUSIVE OF GST) PER PURCHASE

(a) for purchases under $1,000 at least one verbal quote
(b) for purchases between $1,000 to $5,000 at least one written quotation
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(c) for purchases between $5,000 and $10,000 at least two written quotations

Records of quotations must be registered and filed.
**Procurement Policy**

**PURCHASES BETWEEN $10,001 AND $50,000 (EXCLUSIVE OF GST) PER PURCHASE**

The Authority requires inviting written quotations before making a service agreement or contract for the carrying out of work or the supply of goods or services involving a cost of between $10,001 and $50,000. The invitation must be given to at least three persons/organisations who the Authority considers can meet its requirements at competitive prices.

Records of offers received must be registered and filed.

**PURCHASES ABOVE $50,001 (EXCLUSIVE OF GST) PER PURCHASE**

This Policy requires inviting tenders before making a contract for the carrying out of work, or the supply of goods or services involving a cost of more than $50,001.

The invitation must be via electronic method such as Tenders SA or alternative as nominated by the Authority allowing at least 21 days from the day of the advertisement for the submission of tenders.

Records of tenders received must be registered and filed.

**EXCEPTIONS**

Generally, open and fair competition is best achieved by undertaking a full public tender call so all interested parties have an opportunity to bid on the call. However, there may be procurements in which a full public tender will not necessarily deliver best value for money and other market approaches may be more appropriate.

The Authority may be exempt from the requirement to seek tenders or quotations, in the following circumstances:

- there may be significant public risk if the procurement is delayed by process requirements, such as emergency situations threatening life and property
- a small, stable and well documented supply market exists such that the Authority can ensure that all potential suppliers are invited to participate
- the pressures of time are such that an open call is not feasible, such as where there has been an unanticipated FRAC or Government policy decision
- the Authority purchases goods at an auction
- the Authority purchases second-hand goods
- the contract is made with, or under an arrangement with or made by:
  - the State, a government entity, a local government owned corporation, another local government body, Local Government Corporate Services (LGCS Pty Ltd) or Strategic Purchasing (MAPS Group)
  - another Australian Government, an entity of another Australian Government or a local government of another State or a Territory.
- The Authority resolves to enter into a contract using a significant purchasing activity plan which must state:
  - the objectives of the purchase and how they will be achieved
  - any alternative ways of achieving the objectives, and why the alternative ways were not adopted
  - a risk analysis of the market from which the goods or services are to be procured.

When assessing the most effective method of obtaining goods and/or services, the Authority Executive Officer and Board Members should consider the administrative resources required and monetary costs to the Authority of seeking tenders or quotations independently, and the reduction of these costs which can be achieved by use of approved alternative arrangements outlined above.
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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 or as a mechanism to obviate the need for careful forward planning. The granting of waiver of competitive process must be appropriately documented and approved by the Executive Officer and Chairperson.

CREDIT CARD FACILITIES

The Authority has a Board approved limit for one credit card of $5,000 per calendar month approved for allocation to the Executive Officer position.

The holder of a credit card is responsible for all transactions and that receipts are provided for each transaction with the following details:

Name of supplier and ABN number
Date of issue
Description of goods or services
Total cost including GST

Words: ‘Tax Invoice’

Credit card purchases will be consolidated within Authority accounts monthly.

INVOICE APPROVAL

Purchase Order Invoices

Invoice received where a purchase order has been raised must be authorised by delegates with the appropriate delegation that:

- Goods have arrived in good condition as per purchase order
- Invoice amounts are correct
- Payment is authorised.

Contract Invoices

Where a contract is in place and details show purchasing frequency, purchase quantity and cost the invoice should be checked against the contract and signed stating that:

- Services were performed according to the contract
- Fees and charges were according to the contract
- Payment is authorised.

STORE ACCOUNTS

Store Accounts can be established with local businesses. Purchase orders are to be raised for all purchases with these businesses as per our purchasing guidelines and Delegation Schedule.

For small regular purchases such as milk etc. a standing order is to be raised by an Officer listed in the Purchasing Delegations Schedule to cover these purchase types. A receipt for all purchases raised against standing purchase orders are to be obtained and retained for reconciliation with the monthly account. The standing order can then be used by the Executive Officer to purchase these small items, without this standing order being in place, the Executive Officer does not have the authority to purchase small items against the account.
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DELEGATIONS
Only the Authority officers listed in the attached Schedule 1 are entitled to sign requisitions, and then only in accordance with their financial delegation limits as set out in the schedule. By signing a purchase order officers are confirming that they have taken full notice of this policy and will comply with all of the requirements of this policy.

AVAILABILITY OF POLICY
This Policy is available on the Fleurieu Aquatic Centre Website.
## SCHEDULE 1 – PROCUREMENT DELEGATION TABLE

<table>
<thead>
<tr>
<th>POSITION</th>
<th>Verbal quote</th>
<th>One written quote</th>
<th>Quotations dependant on cost</th>
<th>Two written quotes</th>
<th>Three written quotes</th>
<th>Request for Tender</th>
<th>Request for Tender</th>
<th>Delegation subject to budget limits</th>
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<td>$50,001 - above $100,000</td>
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<td>Emergency expenditure</td>
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All limits are exclusive of GST.

# requires approval of both Executive Officer and Chairperson (or Deputy Chairperson) in the event of an emergency requiring commitment of funds outside of approved budget.

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### Document History

<table>
<thead>
<tr>
<th>VERSION</th>
<th>DOCUMENT</th>
<th>ACTION</th>
<th>DATE</th>
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<tr>
<td>1.0</td>
<td>Approved version</td>
<td>FRAC Authority endorsement</td>
<td>29 April 2016</td>
</tr>
<tr>
<td>2.0</td>
<td>Revised version</td>
<td>FRAC Authority endorsement at meeting 18 May 2018</td>
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