

Procurement Policy

Strategic Alignment - Our Corporation

Public

Tuesday, 18 February 2025
City Finance and Governance
Committee

Program Contact:
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Approving Officer:
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EXECUTIVE SUMMARY

Section 49(a1) of the *Local Government Act 1999 (SA)* requires Council to have a policy relating to procurement practices and procedures that are directed towards:

1. Obtaining value for money in the expenditure of public money
2. Providing for ethical and fair treatment of Tenderers
3. Ensuring probity, accountability and transparency in procurement operations.

Council adopted the current Procurement Policy in December 2021 ([Link 1](#)), and it is due for review.

A review has been undertaken and three administrative amendments proposed:

- Require Council to “note” rather than “consider” the Quarterly Forward Procurement Report.
- Give responsibility for the day-to-day administration of the Policy and related documents to the Associate Director, Finance and Procurement rather than the Chief Operating Officer.
- Enable the Chief Executive Officer to review and approve minor administrative updates to the Policy.

The remaining changes to this Policy are updates to operational and functional terminology. A copy of the proposed Procurement Policy with changes tracked is shown in **Attachment A**. A table of the key changes and comments is shown in **Attachment B**.

The Policy already embeds principles around use of local goods and services, social enterprise engagement, environment, cultural, and Aboriginal and Torres Strait Islander support. The Review has enabled language around environmental sustainability to be updated, to reflect Council’s current understanding and focus in relation to these matters.

RECOMMENDATION

The following recommendation will be presented to Council on 25 February 2024 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Adopts the updated Procurement Policy as per Attachment A to Item 7.2 on the Agenda for the City Finance and Governance Committee held on 18 February 2025.
2. Notes the table summarising changes made in the Policy as per Attachment B to Item 7.2 on the Agenda for the City Finance and Governance Committee held on 18 February 2025.
3. Authorises the Chief Executive Officer (or delegate) to make minor, typographical, syntactical and technical updates to the Procurement Policy as contained in Attachment A to Item 7.2 on the Agenda for the City Finance and Governance Committee held on 18 February 2025 to finalise the document.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation
Policy	This report proposes an updated Procurement Policy incorporating three proposed administrative amendments.
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Section 49(a1) of the <i>Local Government Act 1999 (SA)</i> requires Council to have a policy relating to procurement practices and procedures that are directed towards: <ol style="list-style-type: none"> 1. obtaining value for money in the expenditure of public money 2. providing for ethical and fair treatment of Tenderers 3. ensuring probity, accountability and transparency in procurement operations.
Opportunities	Not as a result of this report
24/25 Budget Allocation	Not as a result of this report
Proposed 25/26 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
24/25 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

Procurement Policy

1. The City of Adelaide's Procurement Policy is required to be reviewed every two years. The most recent review of the Procurement Policy (the Policy) was in December 2021. The review that was due in 2023 did not occur due to upgrading the Procurement and Contract Management System (PCMS). This upgrade was completed on 30 October 2024 and this Policy has now been reviewed considering the upgraded PCMS and relevant operational considerations.
2. The Policy already embeds principles around use of local goods and services, social enterprise engagement, environment, cultural, and Aboriginal and Torres Strait Islander support. The Review has enabled language around environmental sustainability to be updated, to reflect Council's current understanding and focus in relation to these matters.
3. The proposed Policy-related amendments are as follows:

Update to Language around Environmental Sustainability

4. Seek to embed environmental sustainability requirements across all procurements, where appropriate and possible, rather than limiting this to procurement and contracting for Tier 1, Tier 2 and higher risk procurement activities.
5. Expansion upon generic text such as "minimise environmental impacts to air, land, water" and "minimise environmental greenhouse gas emissions" to be more explicit, such as:
 - Reduce the use of natural resources, water and energy and support regeneration
 - Minimise generation of waste in manufacturing and distribution, use and disposal
 - Reduce single-use plastic and consumable products
 - When waste is unavoidable, move higher on the waste hierarchy
 - Consider sustainable end-of product life options including product stewardship schemes, and
 - Where practicable, utilise recycled content in products, structures, and services even if they are more costly, while recognising the need to obtain value in the expenditure of public money.

Proposed Amendment – Quarterly Forward Procurement Plan for Noting

6. Minor amendment to the Reporting and Delegations section of the Policy is proposed.
7. The current Policy requires Council to *consider* the Quarterly Forward Procurement Report and states:

*Council Members will be provided with a quarterly forward procurement report for **consideration**, detailing tenders and subsequent contracts that have an estimated value of over \$2,000,000 (ex GST) or that are of high risk and will require Council approval.*
8. The current practice is that Council *notes* rather than *considers* the Quarterly Forward Procurement Report, and it is proposed to change the Policy to reflect this.
9. The proposed amendment would remove the potential for duplication of decision-making, as procurement activities presented to Council in the Quarterly Forward Procurement Report are items that have already been approved in the annual Business Plan and Budget.
10. The proposed amendment to the Policy will state:

*Council Members will be provided with a quarterly forward procurement report **for noting**, detailing tenders and subsequent contracts that have an estimated value of over \$2,000,000 (ex GST) or that are of high risk and will require Council approval.*
11. No change to information currently presented in the Quarterly Forward Procurement Report will occur as a result of the proposed amendment to the Policy.

Proposed Amendment – Monitoring and Implementation

12. An amendment to the Monitoring and Implementation section of the Policy is proposed, to remove an internal inconsistency.
13. The Monitoring and Implementation section of the Policy assigns responsibility for the implementation and monitoring of the Policy to both the Chief Operating Officer and Manager, Finance and Procurement, stating:

This Policy becomes effective upon approval by the Council Members of the CoA. Implementation and maintenance of the Policy is the responsibility of the Chief Operating Officer and Manager, Finance and Procurement. In addition, the Chief Operating Officer and Manager, Finance and Procurement, are responsible for monitoring and reporting Policy adherence.

14. The Administrative section of the Policy states:

The Associate Director, Finance & Procurement has overall responsibility for the maintenance, review, approval and support of documents relating to Procurement activities.

15. The proposed amendment to the Policy will state:

This Policy becomes effective upon approval by the Council Members of the CoA. Implementation and maintenance of the Policy is the responsibility of the Chief Operating Officer. The Associate Director, Finance and Procurement is responsible for the monitoring of the Policy and reporting Policy adherence.

16. The proposed amendment removes reference to the Manager, Finance and Procurement (this position no longer exists) in the statement of the Chief Operating Officer's responsibilities and assigns the monitoring of the Policy and reporting on the adherence to the Policy to the Associate Director, Finance and Procurement.
17. This additional responsibility of the Associate Director, Finance and Procurement aligns the day-to-day oversight of the Policy with the role's current responsibilities of overall responsibility for documents that support procurement activities.
18. No change to the day-to-day operational management of the Policy or supporting document is anticipated through this amendment.

Proposed Amendment – Minor Administrative Amendments

19. An amendment to the Administrative section of the Policy to maintain the currency and relevance of the Policy document is proposed.
20. The CoA has recently undergone a corporate restructure. Some parts of the Policy and operating guidelines will be impacted by the restructure, in particular, references to the roles of Managers in Corporate Services and an additional Directorate that will be required to adhere to the Procurement policies and guidelines.
21. Minor amendments to update the names of, and/or links to policies and guidelines; associated files; updates to relevant legislation; glossary definitions; and roles and/or job titles shall be submitted to the Chief Executive Officer for approval as a version-controlled update notification that will be act as an Addendum to the Policy not less than bi-annually.
22. Any approved Addendum will be published in accordance with the current reporting requirements. Additionally, an E-News with the Addendum attached will be provided to Councillors for noting.
23. Any changes included in any approved Addendum will be incorporated into the Policy as part of the nearest scheduled review of the Policy.
24. Any amendments to operating guidelines will be submitted to the Chief Executive Officer for endorsement.
25. The City of Adelaide's proposed Procurement Policy as shown in Attachment A, is supported by operating guidelines and work instructions. As part of the review of the Procurement Policy, two operating guidelines were reviewed and updated to reflect current operational practices.

DATA AND SUPPORTING INFORMATION

Link 1 – Current Procurement Policy (December 2021)

ATTACHMENTS

Attachment A – Procurement Policy (2025)

Attachment B – Procurement Policy (2025) Table of Key Changes and Comments