
PROCUREMENT POLICY

Version 5 Adopted on 07/12/2016 by Council Resolution 1216/011

1. PURPOSE

All Council procurement of goods and services must be carried out in compliance with the *Local Government Act 2009* (the “Act”) and the *Local Government Regulation 2012* (the “Regulation”). This document sets out Council’s policy for the procurement of goods and/or services. This policy applies to the procurement of all goods, equipment and services, construction contracts and service contracts.

2. SCOPE

This policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts (including maintenance). The policy:

- a) refers to purchasing activities across the whole of Carpentaria Shire Council;
- b) applies to all materials, products and services purchased by Council, including items procured by third parties (such as contractors) acting as representatives for Council.

3. RESPONSIBILITIES

It is the responsibility of the Director Corporate Services to monitor the adequacy and effectiveness of this policy and recommend appropriate changes to Council.

All Council employees responsible for purchasing goods and services of any kind must comply with this policy. It is the responsibility of Council employees involved in the procurement process to understand the meaning and intent of the policy.

Employees are responsible for familiarising themselves with Council’s policies, guidelines and procedures, as a failure to do so may be accepted as grounds for breach.

Council officers are required to:

- adhere to the “Sound contracting principles” as stipulated in the *Local Government Act 2009*;
- preserve Council’s integrity in the procurement process to ensure that Council may be seen to have acted beyond reproach in all dealings;
- abide by Council’s Code of Conduct and all applicable policies and instructions; and
- source quotations and raise purchase orders prior to receiving goods and services.

4. DEFINITIONS

Medium-sized contract arrangement is a contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$15,000 or more but less than \$200,000.

Large-sized contract arrangement is a contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$200,000 or more in a financial year.

Government body means —

- a) the State, a government entity, a corporate entity, or another local government; or

- b) another Australian government, an entity of another
- c) Australian government; or
- d) a local government of another State

Emergency goods means – goods required to be used immediately and which cannot be ordered through normal ordering procedures due to time or operational reasons

Floating plant includes –

- a) goods which have a limited useful life;
- b) portable and attractive items;
- c) equipment which is below the nominated threshold for Council assets

IT equipment means – personal computers and peripheral computer equipment

Store items means – goods which are normally held in stores for distribution to staff/jobs

Office supplies means – goods which are required for the day to day operations of Council's administrative services

General works items means – goods required to carry out day to day work other than emergency goods, floating plant, store items, IT equipment, office supplies or plant and equipment

Local supplier is a supplier as described in clause 6 of the Policy

Permanent base of operations means ownership of land in the shire on which there are permanent structures or facilities associated with the conduct of the relevant business.

Non-local supplier is a supplier that is not a local supplier.

5. POLICY

Principles

Council officers must have regard to the following sound contracting principles in all purchasing Procurement activities of Council are activities that are, or relate to, both direct purchasing (for example, via corporate credit cards) and the making of contracts for the carrying out of work, or the supply of goods and/or services as defined in the Act and Regulation. Contracts are generally related to, but not limited to the following categories:

Building and Construction (both minor and major works) Some examples of minor works procurement may include:

- Replacing a section of water infrastructure;
- Resurfacing a car park;
- Road pavement repairs;
- Repairing a footpath; or
- Maintenance on a Council house.

Some examples of major works procurement may include:

- Construction of a new Local Government administration centre;
- Design and construction of a new water treatment plant;
- Construction of an aquatic centre; or
- Construction of a new Council house.

Goods and/or General Services, may include:

- Stationery;
- Office furniture;
- Computer equipment;
- Cleaning services; or
- Security services.

Consultancy, may include:

- Legal services;
- Accounting services;
- Architectural or building design drafting;
- Engineering services;
- Community services; or
- Town planning services.

Sound Contracting Principles

Integrated with Council's broader system of financial management, all procurement activity shall be carried out in a manner which ensures regard for the Sound Contracting principles when entering into a contract for either the supply of goods and/or services.

The Sound Contracting principles are:

- Value for money;
- Open and effective competition;
- Development of competitive local business and industry;
- Environmental protection; and
- Ethical behaviour and fair dealing.

These Sound Contracting principles have been further defined by Council as:

Value for Money

All procurement activities must consider the whole-of-life cost consequences of the procurement arrangement. However, the value for money concept is not restricted to price alone. Value for Money assessment includes consideration of:

- Non-cost attributes such as fitness for purpose, service and support, quality, performance and productivity;
- Cost related factors including whole-of-life costs and transaction costs that are associated with acquisition, use, holding, maintenance and disposal;
- Initial and ongoing technical compliance costs; and
- Compliance with all related acts, regulations and legislative requirements at all times.

Open and Effective Competition

All procurement activities are to be undertaken with the appropriate rigor and documentation to encourage and support supplier confidence through:

- Transparency of process and decision making in all procurement activities;
- Maintaining confidentiality of offers, security of information and commercial-in-confidence material; and
- Maintaining good quality documentation of all request for quotes and tenders and evaluations of offers and recommendations.

Development of Competitive Local Business and Industry

Consideration must be given to the benefits of utilising local suppliers when undertaking procurement activities. These benefits include:

- Creation of new and/or maintenance of existing local employment opportunities;

- More responsive and readily available servicing and ongoing maintenance support;
- Closer and more convenient communications regarding progress, performance and measurement to enable effective and efficient contract administration and management;
- Encouragement for the relocation of established businesses from outside the region to physically enter, establish and maintain a physical ongoing presence in the region;
- Assisting local businesses to become sustainable and ongoing;
- Assisting local businesses to remain competitive;
- Support for economic growth within the local area; and
- Returning value-added benefits to Council and its ratepayers from the associated local commercial transactions.

See *Council's Local Preference policy*.

Environmental Protection

Consideration must be given to support and promote sustainable outcomes through ensuring the necessary balance between environmental, economic and social aspects to maintain a high quality environment as a source of competitive advantage such as:

- Prevention or minimisation of waste;
- Use of recycled products and recycling facilities;
- Conservation of energy in buildings and use of equipment;
- Control of order of quantities to avoid stock build-up, minimise storage requirements and reduce possible obsolescence;
- Where possible, specification of environmentally-friendly products in invitation to offer documents; and
- Use of environmentally-friendly products in the management of parks / recreational grounds and for weed control on roads and kerb sides.

Ethical Behaviour and Fair Dealing

All procurement related activities are to be conducted honestly and in a manner that is fair to all parties, through a focus on:

- Identifying, declaring and seeking advice on any perceived and/or actual situation that may give rise to a conflict of interest by any Officer involved in the end-to-end procurement process, and ensuring perceived conflicts of interest are documented and recorded;
- Ensuring that all procurement activities are undertaken in accordance with all legal, statutory and internal budgetary obligations; and
- Providing ongoing procurement and contract training for all relevant staff prior to them exercising the financial delegation that commits Council to a contract for the provision of goods and/or services.

6. ADMINISTRATION

Purchase Orders

Purchase orders are to be generated for all purchases of goods and services other than —

- petty cash;
- corporate card transactions where such transactions take place away from the office; or
- long-term supply contracts (Ergon, Telstra, etc); or
- direct payments and fees (bank charges etc); or
- other purchases where a director or the CEO has determined in extenuating circumstances that an order is not required.

Goods and Services Tax

All values quoted in this policy are exclusive of GST.

Optimisation of Value in Procurement

In order to optimise value in procurement, where applicable, Council will establish annualised or bi-annual purchasing arrangements. This is generally to occur where multiple similar purchases are likely to be required and the total value of goods will exceed \$50,000.

Purchasing Arrangements

Where the value of the purchase or the value of the contract over the full contract period (including options to extend) is, or is expected to be, the following table must be followed:

Table 1: Purchasing Thresholds

Amount of Purchase	Policy
Under \$2,000	<ul style="list-style-type: none">• For purchases under the value of \$2,000 at least one verbal quote must be obtained (details of which must be recorded).• Where the officer believes (or reasonably should believe) that the quote does not represent a fair price, additional quotes should be sought.
\$2,000 - \$15,000	<ul style="list-style-type: none">• Purchases between \$2,000 and \$15,000: two (or more) quotes in written, fax or e-mail form must be requested. Copies of the quotes and/or the requests for quotes must be attached to Council's copy of the Purchase Order.
\$15,000 - \$200,000	<ul style="list-style-type: none">• Council cannot enter into a medium sized contract unless Council first invites written quotes for the contract (See "Exemptions" and "LGA Arrangements").• The invitation must be to at least three persons who Council considers can meet Council's requirements, at competitive prices.• Council may decide not to accept any quotes it receives.• If Council does decide to accept a quote, Council must accept the quote most advantageous to it having regard to the sound contracting principles identified in section 106 of the Act.• This requirement is subject to the exemptions identified in paragraphs "Exemptions" and "LGA Arrangements".
\$200,000 and above	<ul style="list-style-type: none">• Council cannot enter into a large-sized contract unless Council first invites written tenders for the contract in accordance with the requirements of section 228 of the Finance Regulation (See "Exemptions" and "LGA Arrangements").• Council must either invite written tenders under section 228(4) or invite expressions of interest under section 228(5) before considering whether to invite written tenders under section 228(6)(b).• This requirement is subject to the exemptions identified in paragraphs "Exemptions" and "LGA Arrangements".

Acceptance of Quotations

There is no requirement to accept the lowest quotation. However where a staff member chooses a quotation other than the lowest quotation, they must provide a brief written justification which must be kept with the order.

Tender Process

Section 228 of the Local Government Regulation sets out how a local government must invite written tenders for —

- a) A large-sized contract; or
- b) a valuable non-current asset contract.

The invitation for tenders must —

- a) be made by an advertisement in a newspaper that circulates generally in the local government area; and
- b) allow written tenders to be given to the local government for at least 21 days after the advertisement is published.

Records of tender must be kept on file and registered in InfoXpert.

Exceptions – Chapter 6, part 3, division 3 of the Local Government Regulation identifies exceptions for medium and large-sized contracts. If one of the exceptions applies, Council may enter into —

- a) a medium-sized contractual arrangement without first inviting written quotes; or
- b) a large-sized contractual arrangement without first inviting written tenders.

The exceptions are —

- a) the preparation of a quote or tender consideration plan in accordance with the requirements of section 230 of the Finance Regulation; or
- b) entering into a contract if the contract is made with a person who is on an approved contractor list established by Council in accordance with the requirements of section 231 of the Finance Regulation; or
- c) entering into a contract if the contract is entered into with a supplier from a register of pre-qualified suppliers established by Council in accordance with the requirements of section 232 of the Finance Regulation; or
- d) entering into a contract for goods or services if the contract is entered into with a preferred supplier under a preferred supplier arrangement that is made in accordance with the requirements of section 233 of the Finance Regulation; or
- e) entering into a contract under an LGA arrangement established in accordance with requirements of section 234 of the Finance Regulation; or
- f) entering into a medium-sized contract or a large-sized contract if —
 - i. Council resolves that it is satisfied that there is only one supplier who is reasonably available; or
 - ii. Council resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for Council to invite quotes or tenders; or
 - iii. a genuine emergency exists; or
 - iv. the contract is for purchase of goods and is made by auction; or
 - v. the contract is for the purchase of second-hand goods; or
 - vi. the contract is made with, or under an arrangement with, a government agency (See section 235 of the Finance Regulation).

Arrangements

A range of LGA arrangements has been put in place by Local Buy. When assessing the most effective method of obtaining goods and/or services, Council officers should consider the administrative and price costs to Council of seeking tenders or quotations independently, and the reduction of these costs which may be achieved by use of Local Buy arrangements.

Delegations

The Chief Executive Officer has the delegated authority to allocate financial delegation to positions within Council. These are summarised in *Annexure 1 – Financial Delegations*. Any new positions or

changes/variations must be approved by the Chief Executive Officer in accordance with the relevant legislation.

All staff with requisitioning permissions are only authorised to order goods and services (up to their financial limit) against jobs over which they have clear operational authority and budget responsibility. By signing a requisition/purchase order all officers are confirming that they have taken full notice of this policy and will comply with all of the requirements of this policy.

7. LOCAL SUPPLIER

For the purposes of application of this a “local supplier” is a supplier that:

- is beneficially owned and operated by persons who are residents of the local government area of Council and pay rates; or
- is a registered business or individual that has its principal place of business within the Local Government area of Council; or otherwise
- has a place of business within the Local Government area of Council which solely or primarily employs persons who are residents or ratepayers of the Local Government area of Council.

Council’s preference is to purchase locally and as such will apply up to a 15% weighting to all offers received in response to its expressions of interest, quotations and Tenders where the offer is able to demonstrate some form of “local” economic benefit.

Please refer to Council’s Local Preference Policy.

8. ASSOCIATED DOCUMENTS

- Local Government Act 2009
- Local Government Regulation 2012
- Local Preference Policy [POL_E_CSF_014]

9. NEXT REVIEW

This policy is to be reviewed annually prior to the budget – however the policy may be amended at any time.

10. RESOLUTION

Adopted on 07/12/2016 by Council Resolution 1216/011.

Chief Executive Officer

CARPENTARIA SHIRE COUNCIL - FINANCIAL DELEGATIONS SCHEDULE - Ver2.9

Department	Position	Financial Authority		Comments
		Procurement Section 198 LGR / Entering into Contracts Section 224- 235 LGR		
Governance & Executive Services	Chief Executive Officer	200,000		
Governance & Executive Services	Manager Human Resources	5,000		
Corporate & Community Services	Director of Corporate Services	100,000		
Corporate & Community Services	General Manager of Tourism	5,000		
Corporate & Community Services	Manager Economic & Community Development	5,000		
Corporate & Community Services	Manager Finance & Administration	5,000		
Corporate & Community Services	Stores/Purchasing Manager	20,000		Stores/Inventory purchases only
Engineering	Director of Engineering	100,000		
Engineering	Senior Engineering	100,000		
Engineering	Works Coordinator	25,000		
Engineering	Manager Water and Sewerage	5,000		
Engineering	Workshop Foreman	5,000		Workshop & Fleet items only



Approved by Chief Executive Officer

Mike Hayward

Date 7-Nov-18