

Procurement Policy

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Supporting documentation

Legislation	<ul style="list-style-type: none"> • <i>Local Government Act 2009</i> • <i>Local Government Regulation 2012</i> • <i>Public Sector Ethics Act 1994</i> • <i>ISO 26000 Guidance on Social Responsibility</i>
Policies	<ul style="list-style-type: none"> • Code of Conduct • Corporate Credit Card Policy • Local Preference Policy • Procurement Procedure • Gifts and Benefits Policy • Fraud and Corruption Prevention Policy • Asset Disposal Policy
Delegations	<ul style="list-style-type: none"> • Financial Delegations
Forms	<ul style="list-style-type: none"> • Authority to Tender Form • Conflict of Interest Declaration • Variations
Supporting Documents	<ul style="list-style-type: none"> • Corporate Plan 2021 - 2025

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Intent

The purpose of this Policy is to set out Carpentaria Shire Council's (Council) approach to the acquisition of goods and services, and to satisfy Council's statutory obligations under Section 198 of the Local Government Regulations 2012. This Policy aims to ensure all Council officers implement sound contracting principles in the course of day-to-day operations to achieve value for Council, whilst maintaining the principles of the policy outlined in the succeeding sections.

Scope

This policy applies to officers, agents and contractors (including temporary contractors) of the Council collectively referred to as "officers".

Policy Statement

This document sets out Council's Policy for the acquisition of goods and services and carrying out of the procurement principles. This policy applies to the procurement of goods, materials, equipment and related services, construction contracts, service contracts (including maintenance) and consultancies.

Officers carrying out procurement activities must comply with Council's policies and procedures. They must also comply with all relevant Act's and legislation including but not limited to the Local Government Act 2009 (the Act) and the Local Government Regulation 2012 (the Regulation).

Procurement must only be undertaken where there is a budget for the expenditure, or it is otherwise authorised by a Council resolution unless the emergency provisions in the Regulation apply.

Sound Contracting Principles

Councillors and officers must have regard to the '**sound contracting principles**' s104 (3) of the Act.

The principles are:

- a) value for money; and
- b) open and effective competition; and
- c) the development of competitive local business and industry; and
- d) environmental protection; and
- e) ethical behaviour and fair dealing.

Whilst the sound contracting principles are to be considered, equal consideration is not required to be given.

Value for money

Council 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:

- a) contribution to the advancement of Council's priorities and
- b) fit for purpose, quality, services and support; and
- c) whole of life costs; and
- d) environmental, social and economic impacts; and
- e) technical compliance issues; and

- f) risk exposure; and
- g) workplace health and safety.

Open and effective competition

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

The development of competitive local business and industry

Where price, performance, quality, suitability and other evaluating criteria are comparable, the following areas may be considered in evaluating offers:

- creation of local employment opportunities;
- more readily available servicing support;
- more convenient communications for contract management;
- the benefit to Council of an associated local commercial transaction.

Environmental protection

Council promotes environmental protection through its procurement processes and will consider the following:

- environmentally friendly goods and services;
- foster the development of products and processes of low environmental and climatic impact;
- promote the use of environmentally friendly goods and services; and
- encourage environmentally responsible activities.

Ethical behaviour and fair dealing

Officers are to behave with impartiality, fairness, independence, openness, integrity and professionalism in their discussions and negotiations with suppliers and their representatives.

Council officers must:

- declare any perceived or actual conflicts of interests throughout the procurement process;
- maintain confidentiality of offers and security of information;
- maintain good quality documentation in accordance with Councils records management procedures.

Procurement Thresholds

All procurement must be:

- sourced according to the minimum requirements in the table below unless an exception applies; and
- approved by the relevant officer with the financial delegation; and
- be accompanied by evidence of quotations, or documented reasons for insufficient quotations; and
- made by purchase orders, except where otherwise defined in the Procurement Procedure.

The Purchasing Thresholds table sets out the minimum requirements unless any of the legislative exceptions are applied.

Table 1: Purchasing Thresholds (excluding GST)

	Amount (GST excl.)	PSA	RPQS (ROPS)	All other purchasing (minimum)
Small	\$0-\$7,000	No quotes	No quotes	1 (or more) verbal/written quote, however consideration given to invite quotes for purchases where operationally efficient to do so.
	>\$7,000-\$15,000	No quotes	No quotes	Invite 2 (or more) quotes
Medium	>\$15,000-\$200,000	No quotes	Consideration given to invite quotes	Invite 3 (or more) quotes
Large	≥\$200,000	No quotes	Consideration given to invite quotes**	Tender

**Where advantageous to Council, a tender may be undertaken where a buying arrangement already exists if the purchase is more than \$200,000.

***Where it is not operationally expedient to seek quotations only one quote is required, otherwise officers should seek 1 or more quotes. For example: This provision might be applied where some investigative work is required, making it difficult to source quotations in a timely manner and does not apply to stores and administrative type purchase where quotations are more easily sought.

The procurement procedure sets out the legislative requirements and related guidance in greater detail.

Purchasing – Exceptions

Arrangement Type	LGR	Minimum Requirement
Approved Contractor List (ACL)	s231	Contracted suppliers (panel) must be utilised that best represents value for money for the procurement activity. For all purchases: <ul style="list-style-type: none"> the contract must be referenced on the Purchase Order. e.g., No. 22-0546 XYZ. For purchases greater than \$15,000 consideration should be given to whether it would be advantageous to Council to seek quotations.
Preferred Supplier Arrangement (PSA)	s233	The single supplier contracted under the PSA should be utilised. For all purchases: <ul style="list-style-type: none"> the contract must be referenced on the Purchase Order. e.g., No. 22-0546 Grass Cutting Serv.

Arrangement Type	LGR	Minimum Requirement
Register of Prequalified Suppliers (RPS)	s232	Contracted suppliers (panel) must be utilised that best represents value for money for the procurement activity. For all purchases: <ul style="list-style-type: none"> the contract must be referenced on the Purchase Order. e.g., <i>No. 22-0550 Dry Hired Plant.</i> For purchases greater than \$15,000 consideration should be given to whether it would be advantageous to Council to seek quotations.
LGA Arrangement – Local Buy	s234	Where specialised, high risk, high value services are sought LB will be the preferred option. For all purchases: <ul style="list-style-type: none"> Assess the cost vs benefit of using LB; and the Local Buy contract must be referenced on the Purchase Order. <i>Local Buy BUS-272</i> supplier should be recruited by letter of agreement, to ensure they are engaged under the LB Terms and Conditions. Template available from Procurement, or they can do it for you.
Only one supplier reasonably available	S235 (a)	Council resolution to be recorded on the Purchase Order to support the reasoning. e.g., <i>Council Resolution 0522/009</i>
Specialised or confidential nature of services sought	S235 (b)	Council resolution to be recorded on the Purchase Order to support the reasoning. e.g., <i>Council Resolution 0522/009</i>
Genuine emergency	S235 (c)	Named event, or emergency to be recorded on the Purchase Order.
Arrangement with a Government Agency	S235 (f)	Where a TMR Prequalified list is utilised, that list must be referenced on the Purchase Order.

Compliance with Council’s Workplace Health and Safety Procedures

To ensure compliance with

- Work Health and Safety Act 2011
- Work Health and Safety Regulation 2011
- AS/NZS 31000:2018 Risk Management – Principles and Guidelines,

Council officers involved in purchasing are to abide by Council’s Workplace Health and Safety (WHS) Outsourcing & Procurement Procedure and WHS – SPPRC-3.6.1 Purchasing & Supplier Control.

Disposal of Land and Non-Current Assets

As per Section 227 of the Local Government Regulation (LGR) 2012, Council must not enter into a valuable non-current asset contract (disposal of a valuable non-current asset) unless it first invites written tenders for the contract under Section 228, or offers the non-current asset for sale by auction.

Responsibilities

All Council officers and 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 this Policy.

Council employees must undertake procurement activities in accordance with their delegation of authority, as outlined in the Procurement Procedure. Failure to comply with the substance and intent of the Act or Regulation may constitute a significant breach of Council's Code of Conduct and could carry significant consequences.

Employees are responsible for familiarizing themselves with Council's policies, guidelines and procedures.

Examples of Policy Breaches

The following list represents examples of common procurement practices that constitute a breach of this Policy. The list is not intended to be exhaustive and provides guidance only.

1. **Inappropriate use of field orders** – When employees have access to computers but do not prepare requisitions on the system or choose to use field orders for convenience or need to use field orders due to poor planning on projects.
2. **Requisition/Order splitting** – Where the total value of a procurement transaction is broken into smaller pieces ("split") to bring the value under a certain level to remain within an officer's delegation limit or fall into a less onerous procurement category.
3. **Failure to utilise stock, consumables and standardised equipment acquired by Council** – In an attempt to achieve value for money and standardise equipment, Council aggregates common use items to the extent possible. Common use items may be acquired in bulk, such as stationery, for all employees to utilise on an as needed basis. Failure to use the items already procured by Council and acquiring similar items to suit individual preferences represents unnecessary, inappropriate expenditure (irrespective of whether a budget exists for such items) and does not represent a legitimate business need.
4. **Inaccurate/inappropriate use of sole supplier provision** – The use of the term "sole supplier" to justify procurement where an officer feels that there is only one qualified supplier in the market is inaccurate and inappropriate and fails to abide by the sound contracting principles within this policy. Sole supplier status can usually only be demonstrated by testing the market through request for quotations or tenders from various parties.
5. **Inaccurate/inappropriate use of "local buy" arrangements** – Attributing the status of "local buy" to Council's local business preference and failing to obtain quotations or tenders on the basis that Council is required to spread its procurement amongst the suppliers within the Carpentaria Shire community. Failure to obtain the relevant

numbers of quotes or seek tenders is in direct contravention of the Regulation and Council's policy. The only legitimate mechanism Council has to obtain services in a Local Buy arrangement is from the LGAQ Local Buy service.

6. **Inappropriate use of "emergency" procurement provisions** – Failure to adequately plan or schedule projects and procurement needs resulting in the inability to undertake formal tendering and quotations due to time pressure does not constitute "emergency" procurement. All emergency procurement must be retrospectively approved by Council irrespective of the reason it was required.
7. **Historical or informal contracting arrangements** – Ad hoc, informal or historical supplier arrangements that have developed over many years are a breach of this policy. All arrangements with suppliers must be contracted either through quotation or tender or satisfy the tests for exceptions detailed in the policy.
8. **Unauthorised or implicit contract extensions** – Failure to track and renew contracts that have expired, whilst continuing to utilise the supplier's services. All contracting arrangements entered into by Council have expiry dates including preferred supplier and pre-qualified supplier arrangements. The expiry dates may be detailed within the contract or cease when a specific procurement activity or project is fulfilled.
9. **Knowingly creating inaccurate purchase orders** – To generate a purchase order number simply to provide to a supplier and then amending/varying the purchase order at a later time to reflect the actual price on the invoice.
10. **Procuring items without a purchase order** – Subsequently creating or directing the creation of a purchase order after the invoice has been received. This example does not apply to utilities invoices, bank charges, loan payments, employee expense claims, and those outlined in *Section 4.3 of the Procurement Procedure* which are legitimately processed without purchase orders.
11. **Acceptance of low value gifts, promotional material, items of interest, giveaways, hospitality, loyalty bonuses, prizes, supplier events, free or discounted tickets etc.** – Which could be perceived to engender favour or promote bias when inviting quotations or awarding contracts, irrespective of value, or when aggregated these items exceed the dollar thresholds for declaration in Council's Gifts and Benefits Register.

Definitions

Term	Definition
Act	<i>Local Government Act 2009</i>
Regulation	<i>Local Government Regulation 2012</i>
Officer	Refers to any officer of Council who is involved, in any form, in the procurement process. An officer includes employees, contractors, volunteers, and all others who perform work on behalf of Council.
Manager	Includes all persons appointed to a supervisory position including with the title CEO, Director, Manager, Coordinator, Supervisor, Team Leader.
Procurement	The purchase, hire, lease, rental, exchange or any other commercial transaction involving the outlay of funds in return for the provision of goods, equipment and related services, construction contracts and service contracts to Council, Council officers and agents unless specifically exempted under the provisions of the Act or Regulation.
Whole of life cost	Total cost of a good or service over its entire lifecycle. This may include acquisition costs (associated with the initial procurement), operating costs, maintenance costs, cleaning costs, refurbishment costs, support costs and disposal costs.

Adopted by Council by Resolution on 11 October 2023 by Resolution 1023/018.

Mark Crawley
Chief Executive Officer