

Doomadgee Aboriginal Shire Council Policy



Policy Name:	Procurement Policy
Policy Number:	8
Policy Type:	Statutory
Link to Corporate Plan	Key Governance Goal - Finance Management
Date Approved:	Council Meeting 22/9/2021
Resolution Number:	3- 9/21
Approving Officer:	Council Adoption

Section 1 - Introduction

Context

Council has a legislative and moral requirement to ensure that all council procurement activities comply with the *Local Government Act 2009* and are conducted in an equitable and transparent manner.

Section 198 of the *Local Government Regulation 2012* requires a Local Government to adopt a procurement policy.

Purpose

The purpose of this Policy is to set out the principles used by Doomadgee Aboriginal Shire Council (DASC) for purchasing throughout the organisation and provides information on the roles and responsibilities of key officers and areas involved in the purchasing function within the Council to ensure compliance with Part 6 of the *Local Government Regulation 2012*

The policy will assist council to meet or exceed local and State Government legislative requirements for the sustainable supply of goods and services; the carrying out of work; or the disposal of assets in consideration of whole-of-life cost.

Scope

This policy applies to the procurement of all goods, equipment and related services, construction contracts and services contracts (including maintenance) by Council as defined in the *Local Government Act 2009*.

Council Officers responsible for purchasing goods and services are to comply with these instructions. It is the responsibility of each Council employee involved in the procurement process to understand the policies and procedures as well as their meaning and intent.

Section 2 – Policy

Principles

The Procurement Policy and Procedure is committed to and guided by the Sound Contracting principles which are contained in s104 of the *Local Government Act 2009*

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



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Policy

1. Procurement Policy

1.1 For all Council's corporate procurement activities, Council shall follow the Default Contracting procedures in accordance with the *Local Government Regulation 2012*, Part 3, s223 to 235.

1.2 Council, its business units and its employees are committed to:

- 1.2.1** Publishing the details of all contracts of \$200,000 (exclusive of GST) or more on its website and relevant details of the contract in a conspicuous place in the local government's public office in accordance with the Local Government Regulation 2012 s 237
- 1.2.2** Facilitating the ethical procurement of goods and services for Council in the most efficient and cost effective manner;
- 1.2.3** Ensuring that all procurement activities are undertaken in accordance with and within all legal, statutory and internal budgetary obligations;
- 1.2.4** Ensuring that council provide details of all significant procurement and disposal activities via the annual and quarterly budget processes;
- 1.2.5** Conducting all authorised and delegated procurement activities (including negotiation) in a professional manner;
- 1.2.6** Ensuring the enhancement of local business by inviting local businesses to supply quotations and bid for tenders;
- 1.2.7** Supporting environmental purchasing guidelines to ensure that environmentally friendly products are purchased wherever practicable.

2. Financial Delegation

2.1 Financial delegation is the power to authorise the spending of money, by signing and authorising electronic payments (EFT) as authorised by Council.

2.2 The Council delegates the Chief Executive Officer (CEO) the authority to incur financial expenditure on behalf of Council under the following provisions:

- Where expenditure has been provided for in Council's budget; or
- In the opinion of the CEO such expenditure is required because of genuine emergency or hardship.

2.3 Other Officers may only incur expenditure on behalf of the Council if:

- The Officer has been granted a financial delegation by the CEO and this has been recorded in the Register of Delegations; or
- Expenditure is provided for in the Council's Budget; or
- In the case of genuine emergency or hardship and the power to incur expenditure in these circumstances has also been delegated.

3 Register of Delegations

3.1 An updated list of authorised delegations is recorded in the Delegations Register.

3.2 Any officer incurring expenditure may only do so in accordance with any constraints imposed by Council or the CEO in respect to a Financial Delegation.



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4 Procurement Delegation

- 4.1** Procurement delegation is the power to bind the Council by entering into a contract. The Council is authorised to enter into contracts on behalf of the Council within the expenditure delegation provided for in the above section.
- 4.2** Other Officers can only enter into contracts on behalf of Council (including placing Purchase Orders) in accordance with a delegation granted by the CEO, which is recorded in the Register of Delegations.
- 4.3** Purchase Orders shall only be placed by Officers with the appropriate procurement delegation and the relevant Officer will need to keep proper records of all dealings.
- 4.4** Value of purchases includes any trade-in value or goods, which form part of the purchase cost.
- 4.5** The CEO must approve Financial Delegations in writing by recording them in the Register of Delegations. An updated list of those authorised delegations is recorded in the Delegations Register.

5 What Constitutes Procurement

- 5.1** Purchasing is the process of obtaining from outside sources, goods and services that may be required by the organisation but not available from within the organisation, at the price most suitable to Council considering quantity, quality, place, time and price.

6 Goods and Services Tax (GST)

- 6.1** For the purpose of this policy, the monetary limits detailed are exclusive of GST.

7 Purchases of Goods and Services up to and including \$1,000

- 7.1** Purchases up to and including \$1,000 may be made with a Corporate Credit Card, by placing of a Purchase Order or Petty cash if it is available
- 7.2** Purchases must be undertaken by:
- Accessing an Approved Contractor List; or
 - Accessing a Pre-Qualified Supplier; or
 - Accessing a Preferred Supplier Arrangement (PSA).
 - Obtaining at least one verbal or written quote

8 Purchases between \$1,001 and up to (but not including) \$15,000

- 8.1** Purchases must be made by placing a Purchase Order. Purchases must be undertaken by:
- Accessing an Approved Contractor List; or
 - Accessing a Pre-Qualified Supplier; or
 - Accessing a Preferred Supplier Arrangement (PSA);
 - Obtaining at least two written quotes (sole supplier situations excepted)

9 Purchases of Goods and Services from \$15,000 but less than \$200,000 (medium sized contract)

- 9.1** Officers must either access an Approved Contractor List or invite written quotations before making a contract for goods or services involving a cost between \$15,000 and \$200,000.
- 9.2** The invitations must be given to at least three (3) persons that Council considers can meet its requirements at competitive prices;
- 9.3** All offers shall be evaluated by two or more officers and will be assessed by using the same methodology in every case.



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10 Purchases of Goods and Services above \$200,000 (Large sized contract)

10.1 Purchases above \$200,000 require the calling of public tenders to suppliers. The invitation must be by an advertisement in a newspaper circulating generally in the Local Government's area - and allow at least twenty-one days from the day of advertisement for the submission of tenders. The CEO or Council has the discretion to call for tenders involving works or services worth less than \$200,000. They also have the discretion to set lower amounts as benchmarks in relation to invites for written quotes.

11 Tender Closure Time and Date

11.1 DASC provides a locked tender box in a designated area for the purpose of holding all tenders submitted. All tender documents received before the advertised tender closure time is to be lodged in the tender box unopened. Tender documents received after the closure of the process are deemed to be invalid. All tenders shall be held for the duration of the tender and for a period of three years after. The tender shall be destroyed at the completion of (whichever occurs first):

- Tender is completed;
- Warranty/guarantee period has expired;
- Legislated retention period has expired.

12 Exemptions – Local Government Regulation 2012 s 234 - Exception for Local Government Arrangement (LGA)

12.1 A Local Government may enter into a contract for services without first obtaining written quotes or tenders if the contract is entered into under a LGA arrangement:
An LGA arrangement is an arrangement that has been entered into by:

12.1.1 LGAQ Limited, (Note: See section 287 of the Act)

12.1.2 A Company (the associated company) registered under the Corporations Act, if LGAQ Limited is its only shareholder; and if LGAQ Limited or the associated Company were a Local Government, would be, either:

- a contract with an independent supplier from a register of prequalified suppliers established under section 232(3) by LGAQ Limited or the associated company; or
- a preferred supplier arrangement entered into with an independent supplier under section 233. Eg Localbuy

12.2 An independent supplier is an entity other than a subsidiary (a relevant subsidiary) of LGAQ Limited or the associated company under the Corporations Act.

12.3 Despite the above an LGA arrangement may include a contract with a relevant subsidiary from a register of pre-qualified suppliers of a preferred supplier arrangement with a relevant subsidiary if the arrangement is approved by the Minister.

12.4 For deciding whether to approve an LGA arrangement under subsection (4), the Minister:

- Must have regard to the sound contracting principles; and
- May ask LGAQ Limited or the associated company to give the Minister information or documents relevant to the arrangement

Examples of relevant information or documents:

- Information or documents relating to assessment of the relevant subsidiary's suitability to be on the register of pre-qualified suppliers or the tender process for the preferred supplier arrangement;
- Information or documents relating to the potential impact of the arrangement on Local Government employees.



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13 Local Government Regulation 2012 s 235 - Other exceptions

13.1 The Local Government may enter into a medium-sized contract or large sized contract without first inviting written quotes or tenders if:

13.1.1 The Local Government resolves it is satisfied that there is only one supplier who is reasonably available; or

13.1.2 The Local Government resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for the Local Government to invite quotes or tenders; or

13.1.3 genuine emergency exists; or

13.1.4 The contract is for the purchase of goods and is made by auction; or

13.1.5 The contract is for the purchase of second-hand goods; or

13.1.6 The contract is made with, or under an arrangement with, a Government body.

14 Purchases made against an Approved Contractor List, PSA or a Register of Pre-qualified Suppliers

14.1 Where applicable, DASC may arrange for commonly used goods and services to be subject to a purchase against:

- Approved Contractor List (ACL);
- Goods and services purchased against ACL must comply with the S 231 of the Local Government Regulation 2012;
- Council is not required to call for competitive offers when assessing an ACL.

15 Preferred Supplier Arrangement (PSA)

15.1 Goods and services purchased against PSA must comply with the s 233 Local Government Regulation 2012;

15.2 PSA may be established as required for the purchase of goods and services as needs are identified by Council;

15.3 The selection of a supplier will be made on the basis of the five sound contracting principles – refer Section 104 Local Government Act 2009;

15.4 When formalising and establishing a PSA, provisions for the evaluation of a supplier will be clearly provided.

15.5 The DASC may establish and use a ACL or PSA if:

- the supply of goods and services is needed in large volumes or frequently; and
- it is able to obtain better value for money by aggregating demand for the goods and services needed.

16 Specifications

16.1 A purchase specification is a document outlining needs to be satisfied in the purchase of goods and services. It defines what the Council wishes to buy and what the supplier is therefore expected to provide. In general terms, it ensures a product or service is easier to obtain and that more tenderers will compete. There are three main types of specifications. They are:

- functional - to do a specific job;
- performance - to meet nominated performance criteria; and
- technical - to achieve a specific technical quality.

16.2 The requisitioner, in drawing up the specifications for a requirement will:



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- Allow for open and effective competition;
- Specify quality assurance requirements and arrangements;
- Ensure value for money is paramount in offers from suppliers;
- Allow for an agreed evaluation methodology; and
- Have an attached set of terms and conditions for the supplier to abide by.

16.3 On completion, the specification is to be examined by a Council Officer not involved in the process. The specification is to be examined for:

- Readability;
- Simplicity of meaning;
- Clarity;
- Logic; and
- Inclusion of only essential information.

16.4 Evaluation criteria must be included in the specification. Specifications are to be registered and filed.

17. Local Preference

Council acknowledges that it has an important role to play in the local economy and is committed to assisting local industry engage in business with Council. Local is defined as based with the Local Government boundary.

Key Principles

In accordance with the Policy Statement, above, Council will undertake the following, to assist local industry and local economic development:

17.1 Encourage a 'buy local' culture within the Council;

17.2 Advertise all tenders, contracts and expressions of interest in a manner readily available to the local community;

17.3 Package requirements in appropriately sized contracts to suit market capacity and encourage local competition;

17.4 Encourage local businesses to promote their goods and services to Council;

17.5 Encourage the use of local distributors within the delivery chain whenever goods, materials or services have to be sourced from outside the Local Government area.

18 Evaluation of Offers

18.1 Offers and tenders shall be evaluated by two or more Officers of Council. Offers and tenders must be evaluated using the same methodology in every case.

18.2 The purchasing process, in addition to the purchasing decision, must be documented in a purchasing file. Such documentation must include:

- local business allowance of 15% price comparison;
- offers received;
- the evaluation process; and
- reasons for choosing the successful supplier.

18.3 Post offer feedback must be provided to unsuccessful suppliers upon request. This feedback shall not provide information other than:

- the name of the successful tenderer;
- the total price offered; and
- the name of the other tenderers and prices offered.

Evaluating officers must document the reasons for disqualifying any bids.



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- 18.4** Where an Officer is involved in purchasing negotiations or evaluating of offers identifies a conflict of interest the CEO is to be advised in writing as to the conflict and the Officer withdraw from the transaction.

19 For all Contracts for Purchases of Goods and Services

- 19.1** Purchase Orders should be completed for all purchases (exemptions occur for recurrent accounts such as electricity, telephone, BP card billing, legal fees, contract payments etc.
- 19.2** All automatic orders must be entered through the Computerised Accounting System and the order printed in duplicate;
- 19.3** An estimated or quoted purchase amount will be included on all orders, where possible;
- 19.4** Orders are to be authorised by the CEO or authorised delegate;
- 19.5** Once the goods are received or services are performed, and a Tax Invoice is matched to the relevant order, the Accounts Clerk will process the supplier payment;
- 19.7** It is to be noted that a verbal order has the same legal implications of a written order and must be confirmed with an issue of an official Purchase Order within 24 hours. Purchase orders shall be cancelled in writing unless the value is below \$500. The person who placed the order originally must sign all copies of the orders. A cancelled Purchase Order may result in the Council incurring costs that the Vendor may incur as a result of the cancellation.

20 Splitting of Orders / Gifts or Favours

- 20.1** DASC Officers are prohibited from splitting orders for the purposes of acquiring goods or services above their financial and procurement levels, or to avoid the necessity to obtain quotes or call for tenders.
- 20.2** DASC expressly forbids Officers to seek or accept gifts or favours or benefits arising from a purchase allocation leading to perception of bias, favoritism or corruption. The acceptance of items of low value such as marketing tokens e.g. pens is unlikely to lead to such allegations. It is acceptable to receive gifts that are a result of an industry norm e.g. the receipt of an additional library book for a specific dollar value order. An industry norm exists when such a gift is made to all clients of the respective supplier.

21 Repeat Orders

- 21.1** Council Officers must identify and assess the likely requirements of the Council over a given period. Where repeat orders are required from a single supplier and are estimated to exceed \$15,000, consideration must be given to establishing an appropriate purchasing arrangement.

22 Controls - Ethical Behavior

- 22.1** DASC Officers with purchasing authority must act ethically and are to behave with impartiality, fairness, independence, openness, integrity and professionalism in their discussions and negotiations with suppliers and their representatives. Council Officers are to attain and maintain a high level of credibility with suppliers and their representatives.
- 22.2** Where an Officer involved in purchasing negotiations or evaluation of offers identifies a conflict of interest, the CEO is to be advised in writing as to the conflict and the Officer concerned must withdraw from the transaction.
- 22.3** Purchasing Officers should anticipate that a Crime and Corruption Commission, Freedom of Information and Judicial review may investigate, enact or be undertaken at any time. Thus the Officer is to ensure all purchasing decisions are to be appropriately documented.



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23 Procurement Delegations (refer Delegation Register)

- 23.1 Chief Executive Officer - \$500,000.00
- 23.2 Director of Engineering - \$50,000.00
- 23.3 Director Corporate Services - \$20,000.00
- 23.4 Director Economic & Community Development - \$20,000.00
- 23.5 Procurement Officer - \$5,000.00
- 23.6 Guest House Manager - \$2,000.00
- 23.7 Workshop Manager - \$5,000.00

24 Financial Delegation

Payments

24.1 Two of the following to sign payments (including cheques) -

- Chief Executive Officer \$500,000.00
- Director - Corporate Services \$20,000.00
- Director – Economic & Community Development \$20,000.00

With the Chief Executive Officer to have final authorisation of all transfers and payments. In the absence of the Chief Executive Officer, the Director of Corporate Services and/or Director of Economic and Community Development to have final authorisation of all transfers and payments (i.e. one to sign all EFT's or cheques).

24.2 EFT – Electronic Funds Transfer

Only the Chief Executive Officer, Director of Corporate Services, Director Economic & Community Development and Finance Manager to sign off on EFT, Vouchers, and authorise all EFT transactions on-line.

24.3 Special Requirements

Officers acting in higher appointment at CEOs direction – During the course of the financial period, officers may be appointed to higher duties, together with the relevant acting delegation authority.



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Section 3 – Procedure

Council officers to procure services and materials through the Procurement Manager. Council officers without delegations to use the Procurement Manager.

3.1 Procedures for Purchasing goods less than \$15000 are as follows:

- The Council Officer purchasing goods should always strive to find the best available price for the goods acquired;
- Officers with the appropriate financial delegation may raise their own purchase orders
- An automatic ordering system is utilised to effectively control the purchasing of goods and services;
- The purchase must be authorised by the CEO or an authorised delegate; If there are a number of suppliers, each of the suppliers should be assessed on a periodic basis, in order to determine which of the suppliers offers the best value for money.

3.2 Procedures for the purchase of goods and services \$15,000 and above but less than \$200,000

- Officers must either access an Approved Contractor List or invite written quotations before making a contract for goods or services involving a cost between \$15,000 and \$200,000.
- The invitations must be given to at least three (3) persons that Council considers can meet its requirements at competitive prices;
- All offers shall be evaluated by two or more officers and will be assessed by using the same methodology in every case.

3.3 Procedures for Approving Invoices

- When the goods / services have been received, the officer that has raised the order checks the goods and invoice and “stamps” the invoice as Goods Received and signs off.
- The invoice then goes to an authorizing officer with the same financial delegation or higher to approve the invoice.
- This shows an internal checking method and officers that have raised the PO should not be approving their own invoices.
- Attached to the Invoice should be a copy of the quotes prior to payment being processed
- Payments should not be approved unless the appropriate supporting documentation is present at the time of approval and payment.

Section 4 – Reference and Supporting Information

Supporting documentation

Links to supporting documentation	
Delegation Register	
Gifts and Benefits Policy	

Section 5 – Governance

Policy is governed by the following legislation

Name	Link
Local Government Regulation 2012	

Responsibility

Responsible Department:	Corporate Services
Policy Administrator:	Director of Corporate Services

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Review

Review Period:	12 Months
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Privacy Provision

Council respects and protects people's privacy and collects, stores, uses and discloses personal information responsibly and transparently when delivering Council services and business.

Change History

Review Date	Revision Number	Resolution Reference:	Approval Date	Change:	Date of Next Review
	6		16/06/2016		
June 2018	7	6-8/18	14/08/2018	Review and updated to reflect LGA 2009 and LGR 2012	June 2019
June 2019	8	22-6/19	20/06/2019	Review and amend for Procurement Manager	June 2020
June 2020	9	8-6/20	25/06/2020	Annual Review	June 2021
September 2021	10	3-9/21	22/09/2021	Review of Delegations – updates, and deletion of previous delegations	June 2022