

## Procurement Policy

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<b>Last Reviewed:</b> 28 June 2023	<b>Review Note:</b> This policy is reviewed when any of the following occur: <ol style="list-style-type: none"> <li>1. The related information is amended or replaced</li> <li>2. Other circumstances as determined from time to time by the Chief Executive Officer</li> <li>3. At intervals not more than 2 years</li> </ol>
<i>Legislation: Local Government Act 2009; Local Government Regulation 2012</i>	

### 1. STATEMENT OF INTENT

The Barcoo Shire seeks to use its purchasing activities to advance Council priorities, as detailed in the Corporate Plan, while observing the principles governing the entering into of contracts required under the *Local Government Act 2009* and the *Local Government Regulation 2012*.

This document sets out Barcoo Shire Council’s policy for the acquisition of goods and services and adherence to the Sound Contracting Principles as stipulated in the Legislation listed above.

### 2. SCOPE

This Policy applies to all Council operations for 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* (the Act) and the *Local Government Regulation 2012* (the Regs).

Under section 198 of the *Local Government Regulation 2012*, Council must prepare and adopt a procurement policy. This policy is then to be reviewed and adopted annually. This policy must include details of the principles, including the sound contracting principles, which Council will apply in the financial year for its procurement activities.

### 3. PROVISIONS

#### Buy Local

This policy provides a local content framework that provides an enhanced opportunity for businesses in the Barcoo Shire Council local government area when quoting and/ or tendering to supply Council.

#### Objectives

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

- Promoting value for money with probity and accountability;
- Utilizing reliable and efficient buying practices;
- Consistency with all relevant associated Council policies;
- Meeting audit objectives;
- Advancing Council’s economic, social and environmental strategies
- Providing reasonable opportunity for competitive local business that comply with

- legislative requirement when supplying to Council; and
- Promoting Council's compliance with relevant legislations.

In order to ensure that Council objectives are met, officers are required to

- Preserve Council's integrity in the procurement process to ensure that Council acts and remains beyond reproach in all dealings;
- Abide by Council's Code of Conduct and all other applicable policies, instructions and guidelines;
- Adhere to the procedures provided for their purchasing activities; and
- Adhere to the Sound Contracting Principles as stipulated under the Act.

### **Responsibility**

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

### **Sound Contracting Principles**

Council officers must have regard to the following Sound Contracting Principles in all purchasing activity:

#### Value for Money

Council must harness its purchasing power to ensure it achieves the best value for money. The concept of value for money is not restricted to price alone. Value for money takes into consideration the benefit of the purchase against the cost of the purchase. The value for money assessment should include consideration of the following:

- Contribution to the advancement of Council's priorities;
- Fitness for purpose: at a minimum – quality, service and support
- Whole of life costs including costs of acquiring, freight, using, maintaining and disposal;
- Technical compliance
- Risk exposure;
- Benefit to the Community;
- Workplace health and safety issues;
- Sustainability; and
- Any associated environmental benefits.

#### Open and Effective Competition

Purchasing should be open and transparent, and result in effective competition for the provision of goods and services to Council. In order to achieve this, Council must give fair and equitable consideration to all prospective suppliers of goods and services.

Council will foster open and effective competition by:

- Ensuring the availability of information to suppliers and the public about the Council's procurement policy and processes;
- Ensuring that the format, timing and distribution of invitations to suppliers enables the ability to achieve the best value for money outcome; and
- Providing all suppliers with a reasonable opportunity to do business with Council.

#### The Development of Competitive Local Business and Industry

Council encourages development of competitive local business and industry by:

- a) Actively seeking out potential local supplies and suppliers and where applicable, encourage local business to provide a quote;
- b) Encouraging principal contractors to give local suppliers every opportunity, to participate in major projects as partners or subcontractors;
- c) Giving preference to locally-sourced goods and services, where price, performance, quality, suitability and other evaluation criteria are comparable;
- d) Ensuring payments are prompt and in accordance with the agreed terms of contract; and
- e) Giving consideration to the advantages of buying locally-sourced goods and services, and to dealing with local suppliers, including:
  - i. Spare parts and servicing support are more readily available;
  - ii. Compliance with warranty provisions is more reliable;
  - iii. Supply lines are shorter; and
  - iv. Communications for contract administration are more convenient.

#### Local Preference

A local business preferential weighting to the “Price” evaluation criteria of a procurement assessment is to be applied at the following rates.

- Category A,B,C,D - 10% for purchases to the value of \$50,000 (excluding GST)
- Category A,B,C,D - 5% for purchases over the value of \$50,000 (excluding GST)
- Category E – 5% for purchases to the value of \$50,000 (excluding GST)
- Category E – 2.5% for purchases over the value of \$50,000 (excluding GST)

Category	Description
A	Is a Resident/Ratepayer of the Barcoo Shire.
B	Is a developing or established business in the Barcoo Shire Council local government area directly employing local full time employees
C	Has a branch office in the Barcoo Shire Council local government area directly employing a minimum of 5 full time employees (not contractors)
D	Has a branch office in the Barcoo Shire Council local government area, established for a minimum of 6 months, directly employing less than 5 full time employees (not contractors)
E	Has a business in the Central West Local Government Area (RAPAD) or share a boundary with Barcoo Shire Council.

#### Environmental Protection

Council promotes environmental protection through its procurement procedures and encourages the recognition of this principle by all Elected Members, Officers and Suppliers

In undertaking any purchasing activities Council will:

- promote the purchase of environmentally friendly goods and services that satisfy the value for money criteria;
- foster the development of products and processes of low environmental impact;
- provide an example to business, industry and the community by promoting the purchase of products and services which conserve resources, save energy, minimize waste, protect human health and maintain environmental quality and safety; and
- maintain consistency with Federal and State Government policies and practices regarding sustainable development.



When evaluating submissions made by quotation or tender, Council will consider the following where practical:

- the environmental policy and performance of the contractor or supplier;
- the selection of products that have a reduced impact on human health and/or the natural environment; and
- the environmental impact and performance of a requested product such as energy and/or water efficiency ratings, fuel efficiency, durability, recycled content, toxicity, origin of any components made from wood and end of life disposal issues.

Ethical Behaviour and Fair Dealing

Council officers involved in purchasing must act with impartiality, fairness, independence, openness, integrity and professionalism in their discussions and negotiations with suppliers and their representatives.

Appropriate records are to be maintained evidencing decisions and terms of engagement together with any discussions on performance or other matters.

No gifts or benefits from potential or current suppliers should be accepted by any officer who purchases goods or services regardless of value.

Council recognises the difficulty of operating in a small community and that conflicts will arise more often than not and thus encourages the openness of officers when reporting any conflict. It is the responsibility of officers to report any potential or perceived conflict of interest to their Supervisor or alternatively to their Manager or the CEO prior to any business dealings.

Different strategies will be implemented dependent on the nature of the conflict and the value of the contract/purchase/procurement activity.

**Procurement Definition**

In this Policy, procurement is the purchase, hire, lease, rental, exchange or any other commercial transaction involving the outlay of funds in return for the provision of goods and services to Council, Council staff and agents unless specifically exempted under the provisions of this Policy.

**4. PURCHASING REQUIREMENTS**

<b>Purchase of goods and services</b>	
<b>Threshold</b>	<b>Requirements</b>
Less than \$2,000	Purchase direct from approved local suppliers where available
\$2,001 to less than \$5,000	2 verbal quotes recorded on requisition. A minimum of 1 quote must be sourced from a local supplier where one exists.
\$5,001 to less than \$15,000	2 written quotes sourced and recorded on requisition. A minimum of 1 quote must be sourced from a local supplier where one exists

<p>\$15,001 to less than \$200,000 (Medium-sized contractual arrangement)</p>	<p>3 written quotes sourced and recorded on requisition. A minimum of 1 quote must be sourced from a local supplier where one exists</p>
<p>\$200,000 or more (Large-sized contractual arrangement)</p>	<p>Tender required (see note below)</p>

***(All amounts are GST exclusive)***

The above thresholds are compulsory, however if there are difficulties in obtaining supply and the required numbers of quotations is not obtainable or able to be sought then the reason must be recorded on the requisition.

All purchases must be made under delegation and must be provided for in the budget.

#### **Expenditure above \$200,000.00 excluding GST**

Legislation obligated Council to utilise a public tender process or an expression of interest process before entering into a contract for the carrying out of work or the supply of goods or services which involves a cost of \$200,000.00 excluding GST unless Council exercises an exceptions. This includes cumulative expenditure over the course of a financial year and total value of contracts expected to be for more than one year.

#### **Exceptions**

The most commonly exercised exceptions to the requirements above include contracts or purchases made with:

- A contractor on an approved contractor list; or
- A supplier on a register of pre-qualified suppliers; or
- A supplier on a preferred suppliers arrangement; or
- A supplier on an LGA (Local Buy) arrangement.

Further exceptions exist if:

- A quotation or tender consideration plan has been completed. Council must resolve to utilise the exceptions, prepare the plan and then adopt the plan prior to any procurement activity occurring.
- Council resolves it is satisfied that there is only one (1) supplier who is reasonably available (sole supplier); or
- Council resolves that due to 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
- A genuine emergency exists; or
- The contract is for the purchase of goods and is made under auction; or
- The contract is for the purchase of second-hand goods; or
- The contract is made with, or under an arrangement with, a government body.

#### **Approved Contractors**

In establishing an approved contractor list, Council recognizes that:

- An approved contractor list must be defined by the processes required in the Act;
- Will not be considered to be preferable to a register of pre-qualified suppliers or a

- preferred supplier arrangement in order to facilitate convenience but will provide Council with the ability to build rigor around small to medium purchasing activities; and
- Will take into account all the sound contracting principles as defined in the Regulations.

### **Pre-Qualified Suppliers**

In establishing a pre-qualified supplier arrangement, Council recognises that:

- It must determine that the preparation and evaluation of submissions would be costly and time consuming if invited every time the goods and/or services were required; or
- It is critical to a successful outcome that the experience and financial viability of a supplier or contract be assess according to the requirements of the local government; or
- There are specific pre-conditions to the offer to supply goods and/or services; or
- There is a need or desire to develop the specific capabilities of the businesses within the local government area; or
- It will ensure value for money by testing the market seeking quotations from the panel.

### **Preferred Suppliers**

In establishing a preferred supplier arrangement, Council recognises that:

- It requires the goods or services in large volume and frequently; and
- It can obtain better value for money by accumulating the demand for said goods or services; and
- It can articulate the specific requirements for the goods or services in a manner that can be readily understood by suppliers in the relevant industry.

*NB: PSA's are generally considered to be Sole Supply arrangements. Typical examples could be Stationery, Uniforms, Tyres, Travel, IT Services among others. Local governments can, if sufficient need exists, have more than one supplier on a PSA however in doing this there may be losses incurred in driving value for money and efficiency and if more than one supplier is required then the local government should consider establishing a pre-qualified supplier arrangement instead.*

### **LGA Arrangements**

In utilising an LGA arrangement, Council recognises that:

- An LGA arrangement will be utilised where no local or regional supplier is affected or where local or regional suppliers are unable to provide the goods or services required or that local or regional suppliers are available to Council through the LGA Arrangement;
- That the arrangement have been formed as a result market testing processes which ensure that price and other considerations under these arrangement are always equal to or better than the price and considerations which Council could achieve in a public tender or quotation process;
- That there is minimal overhead cost to Council in accessing these arrangements.

### **Emergencies**

In utilising an exceptions for a Genuine Emergency Council recognises that full compliance with existing Council procurement policy and procedures may not support the Council's needs during a critical or emergent incident, an alternative procurement process may operate during the incident. This alternative process aims to accommodate urgent Council and/or community needs, whilst ensuring that the procurement process adopted is reasonable and conducted with appropriate consideration of standard procurement principles.

Once the immediacy of the incident has passed normal procedure must then take place:

- Purchase orders must be raised to record expenditure
- Reports must be presented to Council at the earliest opportunity for resolution to approve the unapproved expenditure
- The Council resolution must provide a definition of the emergency situation i.e. Natural Disaster and delegate authority to the CEO or the appropriate officer if the CEO was not available at the time of the incident.

### **Financial and Contractual Delegations**

In accordance with the Act, the Council delegates to the CEO to act on its behalf. The CEO then delegates to other positions within the organisation a financial delegation that authorises the officer holding that position to approve expenditure of budgeted funds up to a defined dollar amount.

The elected members are the only body within Council that can enter into a contract however they can delegate this authority to the CEO. The CEO can then delegate to other positions within Council the authority to enter into a contract for expenditure of funds up to a set dollar amount. The two are mutually exclusive and if no contractual delegations have been provided to other positions within Council then the authority remains vested with the Elected Members or the CEO if so delegated.

No officer may expend funds or enter into a contractual arrangement of behalf of Council unless:

- The officer has been granted the financial and/or contractual delegation by the CEO and this delegation has been recorded in the register of delegations prior to the activity occurring; and
- The expenditure has been provided for in the Council's budget; and
- The officer has received training in Council's procurement systems and procedures; or
- There is a genuine emergency.

The CEO must approve all financial and contractual delegations by recording them in a register of delegations to enable procurement activities to occur in accordance with this Policy.

### **Variations**

For the purposes of this policy, variation refers solely to a financial deviation from an original contract value. The contract can be a Council purchase or an agreement signed by a delegated Council officer and the Supplier. Other variations, such as non-financial scope changes, extensions of time and the like are to be managed by the delegated Council officer.

- All variations are to be approved in writing;
- Variations can only be approved by an officer, where the total amended costs do not exceed that officers authorised financial and/or contractual delegation and the value of the variation is less than those detailed below;
- For an original purchase order involving a cost of greater than \$15,000.00 but less than \$150,000.00, if the cumulative value of variations exceeds 20% of the value of the original purchase order or \$15,000.00 whichever is the lesser, the variation and any further variations must be approved by the CEO;
- For an original purchase order involving a cost of \$200,000.00 or more, all variations must be considered by Councils Senior Management team and if necessary a report should be provided to Council for resolution.

### **Publishing details of Contracts**

In accordance with Section 237 of the Regulation, Council is obliged to publish details of all contracts worth \$200,000.00 or more (exclusive of GST). These details must be published monthly on Council's website and also on a noticeboard located in a position in Council premises that is easily accessible by the public. Information to be recorded in these publications includes the following:

- The person/company with whom Council has entered into a contract; and
- The total value of the contract; and
- The purpose of the contract; and
- The methodology under which the Council entered into the contract.

For the purposes of clarity, a purchase order may also be defined as a contract.

Council or its officers will not release proprietary or confidential information pertaining to any offer may by a supplier other than that which is required by law to be published.

### **Recurring operational expenditure**

In some cases, it can be considered impractical to issue a requisition or purchase order where such purchasing activities are recurring and operational in nature. Examples of this type of expenditure include but are not limited to Utilities, Insurances, IT Licensing, Vehicle Registrations and Original Equipment Manufacturers. See appendix 1 for a full list of Council's current list of providers.

### **Related Documents**

Delegations policy and register  
Fraud and Corruption Prevention  
Procurement Procedures Manual  
Corporate Credit Card Policy  
Corporate plan  
Financial Delegations Register  
Code of Conduct  
Gifts and Benefits



## APPENDIX 1 – Recurring Operational Expenditure

Provider	Description
Ergon Energy	Electricity
Local Government Workcare	Workers Compensation Insurance
Local Government Mutual	Public Liability Insurance
LGM Assets	Property Insurance
Microsoft / Pinnacle	Licensing
DTMR	Vehicle and Plant registration
Electoral Commission of Queensland	Election Assistance and Costs
Queensland Audit Office	State Government Auditing
SAI Global	Australian Standards Documentation
Australian Taxation Office	All taxation costs
DNRM	Property Valuations/Licensing/EPA Costs
Smartfill (OEM)	Fuel Cell Tag System
All	Member subscription
All	Telephone/Internet communications
All	Software licencing
All	Water Treatment Manufacturer Supplies
Jundah Roadhouse Suppliers	Inventory and Supplies
Jundah Roadhouse	Fuel
Westpac	Banking transactions
Queensland Treasury Corporation	Banking transactions
Practical Plus	Financial Software & Training