



## Council Policy PROCUREMENT POLICY

<b>Corporate Plan Reference:</b>	<i>Long term planning for Noosa Shire</i>
<b>Endorsed by Council:</b>	28 June 2019
<b>Policy Author:</b>	Director Corporate Services

### POLICY BACKGROUND

This document sets out Council's policy for the procurement of goods and services (including the carrying out of works) and the disposal of assets. This policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts (including maintenance).

The procurement of all Council 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).

The purpose of this policy is:

- To facilitate the procurement of goods and services in the most cost-effective, timely and practical manner.
- To ensure that Council complies with legislation and where appropriate, the State Procurement Policy.
- To ensure that all delegated officers have a clear understanding of their responsibilities.
- To maintain adequate internal control over all aspects of purchasing, supply and disposal.
- To ensure purchased works, goods and services contribute positively to Council's delivery of quality infrastructure and services.

Council's procurement activities aim to achieve advantageous procurement outcomes by:

- promoting value for money with probity and accountability;
- advancing Council's economic, social and environmental policies;
- providing reasonable opportunity for competitive local businesses that comply with relevant legislation to supply to Council; and
- promoting compliance with relevant legislation.

In accordance with the contracting provisions contained in Chapter 6 of the regulation, this policy incorporates relevant requirements regarding the procurement of goods and services and the carrying out of the sound contracting principles as stated in Section 104 of the Act.

## **COUNCIL POLICY**

### **1. SOUND CONTRACTING PRINCIPLES**

Council officers must have regard to the following procurement principles in all purchasing activities:

#### **a) 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:

- contribution to the advancement of Council's priorities;
- fit for purpose, quality, services and support;
- whole-of-life costs including costs of acquiring, using, maintaining and disposal;
- internal administration costs;
- technical compliance issues;
- risk exposure; and
- the value of any associated environmental benefits.

#### **b) Open and effective competition**

Purchasing 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.

#### **c) The development of competitive local business and industry**

Where price, performance, quality, suitability and other evaluation 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.

#### **d) Environmental protection**

Council promotes environmental protection through its purchasing procedures. In undertaking any purchasing activities Council will consider the following:

- promote the purchase of environmentally friendly goods and services that satisfy value for money criteria;
- foster the development of products and processes of low environmental and climatic impact;
- include in procurement decision making goods and services that contribute to achieving Council's zero emission organisational strategy;
- provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- encourage environmentally responsible activities.

#### **e) Ethical behaviour and fair dealing**

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

Note: Equal consideration is not required to be given to each of the contracting principles.

## 2. PROCUREMENT THRESHOLDS

Procurement thresholds refer to the expenditure with a supplier for goods and services.

### a) Purchases < \$15,000 (excl GST)

When entering into a contract for the acquisition of goods or services for less than \$15,000 (excl GST) the following options apply:

- for purchases under \$7,500 (excl GST) one quotation is sufficient, and quotations can be recorded as an attachment in the Technology One (T1) procure to pay module;
- for purchases between \$7,500 and \$15,000 (excl GST) two written quotations are to be invited using the VendorPanel e-quotation tool.
- If a procurement activity is likely to be medium to high risk then a risk analysis should be undertaken.

Records of the successful offer must be kept as an attachment in the T1 procure to pay module.

### b) Purchases > \$15,000 and < \$200,000 (excl GST)

Council cannot enter into a medium-sized contract unless Council first invites three written quotes for the contract or meets any of the 'Exceptions' outlined in Item 3 below. Written quotations are to be invited using the VendorPanel e-quotation tool.

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 of the quotes it receives.

However, 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 104 of the Act.

If a procurement activity is likely to be medium to high risk then a risk analysis should be undertaken.

Records of the successful offer must be kept in Council's VendorPanel e-quotation tool.

### c) Purchases > \$200,000 (excl GST)

Council cannot enter into a large-sized contract unless Council first invites written tenders for the contract in accordance with the requirements of Section 224 of the regulation.

For purchases greater than \$200,000 a formal tender process must be undertaken.

This requirement is subject to the exceptions identified in Item 3.

Council must either invite written tenders or expressions of interest (EOI) under Section 228 of the regulation. A Council resolution is required prior to undertaking an EOI.

The invitation for tenders must:

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

Council must comply with the requirements in section 228(7) of the regulation if it wants to invite tenderers to change their tenders to take account of a change in the tender specifications.

Records of offers received must be kept on file in accordance with Council's records management procedures.

Council must as soon as practicable after entering a contract worth \$200,000 or more (excl GST):

- publish the relevant details of the contract on Council's website; and
- display the relevant details of the contract in a conspicuous place in Council's public office in Tewanin.

The relevant details must be published or displayed for a period of at least 12 months.

### **3. EXCEPTIONS FOR MEDIUM AND LARGE SIZED CONTRACTUAL ARRANGEMENTS**

Section 229 of the Regulation identifies exceptions for medium and large-sized contracts. If one of the exceptions applies, Council may enter into:

- a medium-sized contract without first inviting written quotes; or
- a large-sized contract without first inviting written tenders.

The exceptions are:

- if Council decides, by resolution, to prepare a quote or tender consideration plan and prepares and adopts the plan in accordance with the requirements of section 230 of the regulation;
- 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 regulation;
- 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 regulation;
- 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 regulation;
- entering into an arrangement with an approved supplier arrangement under an LGA arrangement established in accordance with the requirements of section 234 of the regulation; and
- entering into a medium-sized contract or a large-sized contract if:
  - Council resolves that it is satisfied that there is only one supplier who is reasonably available; or
  - 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
  - a genuine emergency exists; or
  - the contract is for the purchase of goods and is made by 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.

### **4. DISPOSAL OF ASSETS**

Council generally disposes of assets via tender or auction unless the disposal meets the exceptions for 'valuable non-current assets' as described under Division 4 Section 236 of the Local Government Regulation 2012.

### **5. DELEGATIONS**

Only the Council officers listed in the financial delegations register are entitled to sign / approve requisitions, and then only in accordance with their financial delegation limits. By signing or approving 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.

## 6. REVIEW

It is the responsibility of the Director Corporate Services to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed by Council annually.

## ROLES AND RESPONSIBILITIES

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

## RELEVANT LEGISLATION

Council's Corporate Plan  
 Council's Operational Plan  
 Council's Financial Delegations  
 Employee Code of Conduct  
 Councillor Code of Conduct  
 Procurement and Contracting Procedures  
 Purchase Card Procedures

### Version control:

Version	Reason/ Trigger	Change (Y/N)	Endorsed/ Reviewed by	Date
1.0	New policy		Council	06/03/2014
2.0	Review policy	Y	Director Corporate Services	16/05/2016
3.0	Review policy	Y	Director Corporate Services	11/05/2017
4.0	Review policy	Y	Council	06/07/2018
5.0	Review policy	Y	Council	28/06/2019