

<b>Corporate Plan Reference:</b>	<b><i>Theme No. 5. - Excellence</i></b>  <i>Objective 5.2 - Continue to deliver a financially sustainable Council that has the resources now and into the future to achieve its strategic objectives. This will be supported through the introduction of enhanced sustainability reporting and performance indicators, as well as ESG (environment social and governance) accounting practices as guided by statutory requirements</i>
<b>Endorsed by Council:</b>	28 June 2024
<b>Policy Author:</b>	Director Corporate Services

## **POLICY BACKGROUND**

This document sets out Council's policy for the procurement of goods and services (including works) and the disposal of assets.

Council's procurement of all goods and services must be carried out in accordance 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 and disposal of assets, in the most cost-effective, timely and practical manner.
- To ensure that Council complies with the applicable legislative frameworks in carrying out its procurement activities.
- To ensure that all Council staff have a clear understanding of their responsibilities.
- To maintain adequate internal control over all aspects of purchasing, supply and disposal.
- To ensure procured goods and services contribute positively to Council's delivery of quality infrastructure, operations, and services.

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

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

This policy incorporates the principles for the procurement of goods and services to be undertaken with regards to the sound contracting principles as stated in Section 104 of the *Local Government Act 2009* and in accordance with Chapter 6 of the *Local Government Regulation 2012*.

## **COUNCIL POLICY**

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

Council officers must have regard to the following sound contracting principles in all procurement and disposal activities. Note: Equal consideration is not required to be given to each of the sound contracting principles.

#### **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 includes 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/sustainability benefits.

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

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

#### **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 regard to this principle, when evaluating offers:

- creation of local employment opportunities,
- direct and indirect contribution to the local economy, and community,
- more readily available servicing support,
- the benefit to Council of an associated local commercial transaction.

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

Council promotes environmental protection through its procurement procedures. In undertaking any purchasing activities, Council may (not limited to) 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 procurement of goods and services, including in discussions and negotiations with suppliers and their representatives.

**2. PROCUREMENT THRESHOLDS**

The following table outlines the procurement requirements in accordance with Chapter 6 of the *Local Government Regulation 2012*:

Contract Type	Threshold (GST Exclusive)	Procurement Requirements
Large Sized Contract	<b>\$200,000</b> and greater	<p>Council cannot enter into a large-sized contract (purchases of \$200,000 (GST exc.) or more, unless Council first invites written tenders for the contract in accordance with the requirements of Section 224, 226 and 228 of the Regulation.</p> <p>Expressions of interest (EOI) are subject to Section 228 of the Regulation. A Council resolution is required prior to an invitation for EOI.</p> <p>The invitation for tenders/EOI must:</p> <ul style="list-style-type: none"> <li>• be published on Council’s website and in a publication that circulates locally; and</li> <li>• allow written tenders to be given to Council for at least 21 days after the tender is published on Council’s website.</li> </ul> <p>Council must comply with the requirements of 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 specification.</p> <p>Council must as soon as practicable after entering a contract worth \$200,000 (GST exc.) or more:</p> <ul style="list-style-type: none"> <li>• publish the relevant details of the contract on Council’s website; and</li> <li>• display the relevant details of the contract in a conspicuous place in Council’s public office in Tewartin.</li> </ul> <p>The relevant details must be published and displayed for a period of at least 12 months.</p> <p>Invitation to Tenders/EOI’s must be made using Council’s e-Procurement system. Records of offers received must be kept on file in accordance with Council’s records management procedures.</p> <p>These requirements are subject to the exceptions identified in Item 3 of this Policy.</p>

Contract Type	Threshold (GST Exclusive)	Procurement Requirements
Medium Sized Contract	<b>\$15,000</b> and less than <b>\$200,000</b>	<p>Council cannot enter into a medium-sized contract unless Council first invites a minimum three (3) written quotes for the contract.</p> <p>The invitation must be to at least three (3) suppliers who Council considers can meet Council's requirements. Council may decide not to accept any of the quotes it receives.</p> <p>The use of Council's e-Procurement system is the preferred method of issuing and evaluating quotations. Records of offers received, regardless of method of issue/receipt, must be kept on file in accordance with Council's records management procedures.</p> <p>These requirements are subject to the exceptions identified in Item 3 of this Policy.</p>
Small Sized Contract	Less than <b>\$15,000</b>	For purchases less than \$15,000 (GST exc.), where it has been determined that inviting one (1) supplier to quote is advantageous to Council, one quotation from a capable supplier is sufficient. The quotation shall be recorded as an attachment in the Technology One procure to pay module.

**a) Accepting Quotes or Tenders**

Council may decide not to accept any of the quotes or tenders it receives. Where Council does decide to accept a quote or tender, Council will accept the quote or tender most advantageous to it, having regard for the sound contracting principles identified in Section 104 of the Act.

**b) Risk**

Where a procurement activity is likely to be medium to high risk then a risk assessment/analysis should be undertaken.

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

Division 3 within Part 3 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 outlined in the following table:

Exception	Process for establishing and/or exercising an Exception.
Council Established Supplier Arrangements	Council may enter into a contract if the Contract is entered into with a supplier from an Approved Contractor List <u>or</u> a Register of Pre-qualified Suppliers <u>or</u> a Preferred Supplier Arrangement established by Council in accordance with the requirements of section 231, 232 or 233 of the Regulation.
Local Government Association Arrangement	The Contract is entered into under an LGA Arrangement in accordance with the requirements of section 234 of the Regulation, for example 'Local Buy' arrangements.

Exception	Process for establishing and/or exercising an Exception.
Sole or Specialised Supplier/s	In accordance with the requirements of section 235 (a) and (b) of the Regulation, Council determines that: <ul style="list-style-type: none"> <li>there is only one supplier who is reasonably available; or</li> <li>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.</li> </ul>
Genuine Emergency	In accordance with the requirements of section 235 (c) of the Regulation.
Auction Purchase	The Contract is for the purchase of goods and is made by auction in accordance with the requirements of section 235 (d) of the Regulation.
Second-hand Goods	The Contract is for the purchase of second-hand goods in accordance with the requirements of section 235 (e) of the Regulation.
Government Arrangement	The Contract is made with, or under an arrangement with, a Government Agency in accordance with the requirements of section 235 (f) of the Regulation.
Quote or Tender Consideration Plan/s	In accordance with the requirements of section 230 of the Regulation, where a Quote or Tender Consideration Plan has been prepared and adopted (by resolution), then Council may form a Contract from that Plan as contemplated by that Plan.

#### 4. SUSTAINABLE PROCUREMENT

Sustainable Procurement is the practice of leveraging Council’s purchasing power to drive sustainable outcomes when buying goods and services. Council is committed to embedding sustainable procurement best practice to further quality procurement outcomes under **economic, environmental, social** and **cultural** pillars.

Council will take a tailored approach to setting sustainability goals, being informed by the Pillars and the capability and capacity of the supplier market. This includes a range of sustainable procurement objectives, and will be detailed in Council’s *Procurement Policy Guideline*, to be applied to applicable procurement activity to achieve both direct and indirect sustainable procurement outcomes.

#### 5. SUPPLIER FINANCIAL CAPACITY ASSESSMENTS

Council is committed to ensuring that suppliers engaged to deliver projects via a tender/quotation process have the financial capacity to remain solvent and meet contractual obligations including, where applicable, payments to sub-contractors, throughout the duration of the contract period.

Ongoing economic pressures have highlighted the need for a process within Council to ensure appropriate financial capacity assessments and other relevant checks occur as part of procurement evaluations. This will ensure that risk mitigation occurs to avoid any financial and reputational impairment that eventuates as a result of the financial failure of a Council contracted supplier.

Council’s *Procurement Policy Guideline* will outline the procurement categories and project value (\$) thresholds that will trigger the requirement for a financial capacity assessment. The procurement branch will subsequently ensure that appropriate information is included in the tender/quotation documentation to allow Council (or a third party engaged by Council) to undertake financial capacity assessment/s.

##### a) Assessment Method

The preferred/recommended suppliers, as a result of the evaluation of price and non-price criteria, shall have a financial capacity assessment performed, in accordance with this policy and the *Procurement Policy Guideline*. The procurement branch will coordinate this assessment for the preferred/recommended supplier/s and provide advice regarding the suitability of a supplier for award.

## **6. THE PROCUREMENT CONTRACTS ASSESSMENT WORKING TEAM**

Where it has been identified that the award of a large sized contractual arrangement outside of the normal Council meeting cycle is considered advantageous to Council, the convening of the Procurement Contracts Assessment Working Team (PCAWT) may be requested. The PCAWT may review requests for the award of large sized contractual arrangements up to the value of \$1 Million (excluding GST) that have been sought in accordance with the Local Government Regulation 2012 and Council's procurement policy and guidelines.

### **a) Assessment Method**

The PCAWT will review the specific procurement evaluation and scoring documentation (including supplier responses if requested), and subsequent evaluation panel recommendations to satisfy itself that the evaluation undertaken was fair and equitable and in accordance with Council's procurement policy and guideline. If satisfied, the team will then make a recommendation to the CEO for approval.

Contracts awarded by the CEO, via the PCAWT will be reported to Council bi-annually by the Director, Corporate Services.

## **7. 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 Regulation.

## **8. DELEGATIONS**

Only those Council officers granted a financial delegation as identified in the Financial Delegations Register are entitled to the following:

- enter Council into contracts and
- sign contracts and letters of engagement, and
- approve requisitions in the Technology One procure to pay module, in accordance with their financial delegation limits.

## **9. PROBITY**

Probity requires that the procurement process is conducted ethically, honestly and with impartiality to all participants. Probity is an integral element of any Council procurement activity and is the responsibility of all staff members involved.

Council is committed to ensuring that procurement activities demonstrate the principles of probity including by:

- ensuring integrity, transparency, accountability, and public confidence in the procurement process; and
- identifying and resolving any risks of conflict of interests,

## **10. 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**

### **Councillors**

Councillors will consider and adopt the Policy.

### **Chief Executive Officer (CEO) and Executive Team**

The CEO and Executive Team will endorse the for Council adoption and provide leadership and commitment in complying with the Policy and relevant legislation and documents.

### **Director Corporate Services**

Policy Owner

### **Procurement Services**

Administration of the Policy and review.

### **Council Officers**

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 AND POLICIES**

*Local Government Act 2009*

*Local Government Regulation 2012*

Noosa Council Financial Sustainability Policy

Noosa Council Risk and Enterprise Management Policy

Noosa Council Fraud and Corruption Control Policy

Noosa Council Privacy Policy

Noosa Council Employee Code of Conduct

Noosa Council Councillor Code of Conduct

Noosa Council Financial Delegations Organisational Policy

Noosa Council Procurement Organisational Guideline

Noosa Council Purchase Card Organisational Guideline

Noosa Council Non-Purchase Order Organisational Guideline

## HUMAN RIGHTS COMPATIBILITY STATEMENT

In developing this policy, the subject matter has been considered in accordance with the requirements of the Queensland Human Rights Act 2019. It is considered that the subject matter does not conflict with any human rights and supports a human rights approach to decision making by Council.

This policy should be read in conjunction with the Human Rights Act 2019 (QLD) and Council's Human Rights Policy.

### 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
6.0	Review Policy	Y	Director Corporate Services	7/07/2022
7.0	Review Policy	Y	Council	28/06/2024