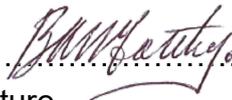




Policy Title: **PROCUREMENT POLICY**

Policy Type: **STATUTORY**
 (Statutory, Financial, Administrative, Human Resources)

Policy Number: **S011**

Approved Council	by	Last Review	Current Review	Next Review
20 Sept 2016		17 November 2020	18 May 2021	May 2022
		Resolution #	Resolution #	Resolution #
		20.6632	21.6948	
Approved by CEO/Director:	Bernie McCarthy – CEO	 Signature.		
Effective Date	19 May 2021			
Implementation Department		Officer Position		
Corporate Services		Director Corporate Services		
Revision #:	Document Management File #.			
3.0	01-03-S011			

1. Policy Background/ Scope:

This Policy applies to all Aurukun Shire Council employees.

To ensure all principles in the legislation concerning the acquisition of goods and services are applied and sound procedures are implemented concerning the expenditure of public funds to ensure the most cost effective benefit is obtained for the community of Aurukun Shire Council.

Council has a desire to support and develop competitive local businesses to improve the local Aurukun economy

The five principles governing the entering into contracts contained in the legislation and for which Local Governments must have regard are:

- a. Open and effective competition.
- b. Value for money.
- c. Development of competitive local business and industry.
- d. Environmental protection.
- e. Ethical behaviour and fair dealing.

2. Policy Provisions

The term “contract” will be used throughout the purchasing policy. A purchase order is the official document used to authorise and record the purchase of goods and services by the Council. It will often be the prime reference confirming the contractual obligation between the Council and the supplier/contractor.

2.1 Practices

All tenders, quotations and general purchasing shall be conducted in accordance with:

- Local Government Act 2009
- Local Government Regulation 2012
- Council's Purchasing Policy adopted by Council and contained in this document
- State Purchasing Policy where applicable
- Commonwealth Purchasing Policy where applicable

Council officers responsible for purchasing goods and services must comply with this policy. It is the responsibility of the council officers involved in the procurement process to understand the meaning and intent of this policy. Council officers shall order goods, works or services by quoting an official order number and complying with the policies and procedures contained in this document except:

- In situations of genuine emergency where an order can be raised as soon as practical; or
- Where specific exemptions apply.

2.2 Financial Delegation

Financial delegation provides officers with authority to make purchases in their area of responsibility within constraints of the approved budget.

The approved expenditure limits for authorised officers of financial and purchasing thresholds are outlined in Appendix 'A'.

2.3 Purchase of Goods and Services

Council's purchasing requirements, under the *Local Government Act 2009 and Local Government Regulation 2012* where the value of goods and services are required, all amounts are exclusive of GST:

(a) Petty Cash – Maximum \$1,200.00

Purchases up to \$1,200.00 may be made out of petty cash except where defined otherwise by this policy and authorised by delegated authority.

(b) Low Value contracts – Up to \$5,000 (GST exclusive)

For purchases up to \$5,000 (GST excl) one (1) verbal or written quote is sufficient. A written record of quotations received must be made.

Purchases must be made by placing a written purchase order.

(c) Small-sized contracts – \$5,000 Up to \$14,999 (GST exclusive)

For purchases between \$5,000 (GST exclusive) and \$14,999 (GST exclusive) at least two (2) written quotations must be invited.

Where an invitation to quote does not result in provision of a quote, the officer must ensure there is appropriate documented evidence recorded on file to satisfy the requirement that two quotations were invited.

(d) Medium-sized contracts - \$15,000 up to \$199,999 (GST exclusive)

The *Local Government Regulation 2012* provides the legislation relevant to the acquisition of goods and/or services in excess of \$15,000.

- (i) A minimum of three (3) written quotations must be invited from suppliers who are considered capable of meeting Council's requirements at competitive prices. All quotations received by an officer shall be filed in an appropriate place allowing for retrieval should the need arise.
- (ii) Quotations received must be evaluated in a manner which is consistent with this policy.
- (iii) Records will be kept on the evaluation of quotations and the means by which any resulting recommendation to purchase is determined.
- (iv) If the proposed purchase is outside of Council's current approved budget, it must be presented to Council for approval.

(e) More than \$200,000

Tenders must be invited for contracts costing more than \$200,000. Refer to section 2.4 below.

2.4 Tenders

(a) Tender process

Tenders must be invited before making a contract for the carrying out of work or for the supply of goods and services involving a cost of more than \$200,000. Tenders must also be invited whenever a purchasing arrangement is to be entered into in accordance with the *Local Government Regulation 2012* and when a Panel of Service Providers is to be established in accordance with the *Local Government Regulation 2012*.

The invitation to tender must appear on Council's website for at least 21 days and be advertised in a newspaper that is circulated within the Cape York region. The invitation will allow at least twenty-one (21) days from the day of the advertisement for the submissions of tenders.

Tenders are to be lodged to a secure email address (tenders@aurukun.qld.gov.au) and lodged by a set date and time. Such tenders should be clearly endorsed with tender reference.

Specifications, where appropriate, must set out the minimum performance requirements, dimensions and purpose for which the goods and services/required. Records of tenders received must be kept on file.

(b) Expressions of Interest

Before calling tenders, the Council may by resolution on certain occasions, invite expressions of interest relating to the supply of goods or services where it is satisfied that it would be in the public interest to do so. Expressions of interest must be invited in the same process outlined for invitation of tenders.

(c) Acceptance

The Council or its delegate as appropriate will accept tenders or quotations which are the most advantageous to it, however, it may decide not to accept any tender. The Council in deciding the tender or quotation most advantageous to it, will have regard to the five (5) principles of making a contract as set out in the *Local Government Act* and this policy.

2.5 Exceptions

(a) Preferred Supplier Arrangement

In accordance with Section 233 of the *Local Government Regulation 2012*, Council can enter into a medium-sized or large-sized contract for goods or services without first inviting written quotes or tenders if the contract is made with a person or entity included on a register of preferred suppliers and provided that the following conditions are met.

- i) Council needs the goods and services in large volumes or frequently.
- ii) Council is able to obtain better value for money by accumulating the demand for the goods or services
- iii) Council is able to describe the goods or services in terms that would be well understood in the relevant induction.

A preferred supplier arrangement may be suitable in instances where suppliers are prepared to fix pricing parameters for a specified period.

The establishment of a register of preferred suppliers would be dealt with through an invitation to tender. A report recommending a register of preferred suppliers arising from evaluation of the tenders received will be executed by signature of the CEO. Council will ensure that the terms for any arrangement can be cancelled in the case of unsatisfactory performance on the part of the supplier.

(b) LGA arrangement

In accordance with Section 234 of the Regulation, Council can enter into a medium-sized or large-sized contract for goods or services without first inviting written quotes or tender if the contract is entered into under an LGA arrangement for example, LocalBuy.

(c) Other Exceptions

Under the *Local Government Regulation 2012* the Council may enter into a contract without complying with the requirements of tender or quotation if:

- (i) It resolves that it is satisfied that there is only one (1) supplier reasonably available to it; or
- (ii) It resolves that, because of the specialized or confidential nature of the services that are sought, it would be impractical or disadvantageous for Council to invite quotes or tenders; or
- (iii) a genuine emergency exists; or
- (iv) The contract is for the purchase of goods and is made by auction; or
- (v) the contract is for the purchase of second hand goods; or
- (vi) It resolves to purchase goods at an auction; or
- (vii) The contract is made with, or under an arrangement with, a government agency.

2.6 Special purchasing arrangements

(a) Stores Purchasing

Due to the repetitive nature in the recurring purchases of stock items which are held in the Council's Stores, the Council may advertise for procurement under purchasing arrangements in compliance with the *Local Government Act 2009*, *Local Government Regulation 2012* and the procedures applying to tenders and quotations of this policy.

Store items may be detailed under like groupings (commodity groups) to encourage quotations from prospective suppliers and responses will be assessed to establish purchasing arrangements (standing offers/preferred supplier) for the product/s. These arrangements will be advertised in the same manner as tenders and the five (5) principles outlined in the *Local Government Act 2009* will be observed.

These purchasing arrangements should not exceed a period of two (2) years unless a longer period produces better value to Council. These arrangements will be continuously evaluated to ensure an acceptable level of supplier performance.

(b) Non-Stock Items

Purchases of a repetitive nature of non-stock items and accumulating to more than \$15,000 from a supplier in a year may also be considered for a purchasing arrangement

(c) Purchases that do not require a Purchase Order

Council has approved the following services be exempt from the purchase order requirement

- Regulated utilities charges – rates, water, sewerage
- Electricity
- Internet and network service provider monthly charges
- Telephone call charges
- Freight for goods ordered
- Staff reimbursements
- Staff travel allowance
- Staff relocation reimbursements
- Wik and Kugu Art Centre Artists payments
- Skytrans post office sales
- Post Office purchases
- Legal services dealing with normal Council operations
- Cabcharge
- Retail fuel
- Printer meterage
- Subscription services
- Licence renewals

(d) Standing orders

Standing orders will be raised

- for commodity or service that is supplied on a regular basis; or
- when there is no other supplier within the local government area

2.7 Arts Centre purchasing

Council seeks to ensure that members of the community are treated fairly and receive fair compensation for their works. Council has identified that the Art sCentre in Aurukun needs to operate in a manner that is sensitive to the needs of local artists.

Due to the individual and personal nature of transactions occurring for the purchase of Art from local artists along with the need to prevent black market trading and add value to the cultural artefacts produced in Aurukun, Council has approved the payment of Artists by funds transfer using the following process to assist with protecting the valuable Art of the Aurukun community.

- Artists negotiate a price for their individual works with the Arts Centre Manager.
- Artists must complete the appropriate Creditor forms to be set up on the finance system, these forms include bank details and the completion of a 'Statement by Supplier not quoting an ABN'.
- Once an item is sold, the Arts Centre Manager prepares an instruction to Finance advising sale price, commission calculation and an EFT request.
- When Finance confirm that the funds have been received into Council's bank account, Accounts Payable process the EFT Request to pay the commission to the artist.

2.8 Principles

All Council contracts shall have regard to the five (5) principles of purchasing:

(a) Open and effective Competition

Council will:

- ensure all suppliers wishing to do business with Council have a reasonable opportunity to do so;
- maximise the prospect of obtaining the most cost-effective outcomes;
- ensure there is no favouritism to suppliers;
- ensure contracts are awarded on the basis of merit;
- ensure Council's procurement procedures are visible to the Council, the public and suppliers.

(b) Value for Money

Council believes value for money:

- represents the best returns and performance from the money spent over the extended life of product or service;
- does not always mean the lowest price;
- can be achieved by the use of open specifications that provide for alternative offers and also enhance the prospect of receiving value for money;
- will be enhanced through quality assurance systems.

(c) Enhancement of the Capabilities of Local Business and Industry

Council's Policy is:

- to enhance the opportunity for local suppliers of goods and services to be considered for Council business; and
- to encourage and give local suppliers every opportunity to compete for Council business;
- to advance the intent of this policy and afford advantage and opportunity to local suppliers and business.

Council officers will do this through the tender evaluation process by:

- including a non-price criteria "Local Business" preference with local businesses scoring 10 and non-local businesses scoring 0.
- considering local supplier's prices competitive against non-local suppliers

- prices where a difference exists up to 5% for purchases capped at \$5,000 (ex GST)
- iii. allowing a further 5% variation in price (up to tendered values of \$100,000) to a local Indigenous contractor on the basis of encouraging local Indigenous business and employment.

(d) Environmental Protection

Council will encourage environmentally sustainable development by promoting purchasing practises which:

- i. conserve resources;
- ii. safe energy;
- iii. minimise waste;
- iv. protect human health;
- v. maintain and improve environmental quality and safety;
- vi. promote the use of recycled materials.

(e) Ethical Behaviour and Fair Dealing

The Council's policy is to implement practises that:

- i. operate with impartiality and openness;
- ii. have a high degree of integrity;
- iii. advance the interests of Council;
- iv. avoid suppliers who seek favours and operate outside the competition and the policies encompassed in this document.

Councillors must not meet with tenderers or potential tenderers to discuss the tender or potential tender unless such meetings are sanctioned by the Council in advance, and a record kept and made available to the Council through the CEO. A Councillor is prohibited from attending such meetings if a Councillor has a conflict of interest or material personal interests.

Hospitality benefits include transportation, accommodation, meals and refreshments, trips to seminars and complimentary tickets to cultural or sporting events paid for by the supplier except where Council employees are acting in the normal course of Local Government business, approved conference, training or similar activity.

The Council will regard gifts and hospitality benefits accepted by an officer as a benefit or fee under the *Local Government Act 2009* except where:

- (a) the gift is accepted on behalf of the Council or is donated to a charitable or public organisation;
- (b) the gift is a minor item such as desk calendars, pens, etc which would otherwise be supplied by the Council at no cost to the employee if the gifts are used primarily at work or for the purpose of work.

Inspections (including transportation, accommodation, meals and refreshments) of supplier's premises by officers, which are paid for by the supplier, in order to familiarise the Council with their capabilities, are not Hospitality Benefits.

2.9 Evaluation criteria

When evaluating offers, Council officers shall have regard to the five (5) principles as

described in section 2.8 of this document. All offers will be assessed with consideration to the value of the contract, technical requirements, quality and importance of work to be completed. All officers of the Council will act with integrity as required by the *Local Government Act 2009*.

The elected offer shall achieve value for money that is consistent with the purpose of the item or service being provided.

Wherever possible more than one (1) officer of the Council will be involved in the evaluation, awarding and administration of contracts. The responsible officers will ensure that the process of tendering and evaluation complies with this Procurement Policy and Procedures.

Any officer of the Council who has any material personal interest whatsoever in the contract should exclude himself/herself from the evaluation process and disclose the existence of such interest in accordance with the *Local Government Act 2009 and the Local Government Regulation 2012*.

The Council must keep appropriate records or files to satisfy audit requirements and to establish that the principles and procedures contained in this policy have been complied with.

Within the constraints of the *Local Government Act 2009* and the *Local Government Regulation 2012* council considers employment of local Indigenous people and the development of local business as legitimate evaluation criteria to be included in all tenders raised by council.

a. Weightings

Weightings may be used when evaluating offers, as a means of determining the offer most beneficial to Council.

Weighting may relate to price, delivery, stockholding, policy, specialised servicing, quality assurance, warranty provisions, environmental impact, etc.

Whenever weightings are applied in the evaluating process, they must be applied consistently to each offer and documented for audit purposes.

2.10 Workplace Health and Safety

All contractors and suppliers of goods and services shall ensure that the work undertaken or good supplied complies with relevant statutes, regulations and standards which pertain to Workplace Health and Safety.

2.11 Quality Assurance and Risk Management

Where appropriate, all goods shall be in accordance with the Australian Standard specifications where such exist. Where an Australian Standard does not exist, relevant International Standard Organisation (ISO) Standards shall apply.

Wherever possible, goods and services shall be procured from suppliers with an appropriate Quality Management System compliant with Australian Standards AS

9001, 9002 and 9003 as applicable and dependent on the risk associated with the purchase.

Suppliers who can demonstrate that they have implemented or have substantially implemented a Quality Assurance System will place themselves in a favourable position in respect to supply of the Council's requirements.

Management of risk in the procurement process shall be by assessment of the goods and/or services by recognising the *Australian Standard on Risk Management AS/NZS 4360: 1995* and guidelines submitted by the State Purchasing Council of Queensland.

2.12 Disposals

Goods and materials in surplus of Council's requirements will be disposed of in the following manner and in accordance with the *Local Government Regulation 2012*:

- Goods other than land with an apparent value of less than \$5,000 may be disposed of with the authorisation of the Chief Executive Officer.
- Goods with an apparent value of greater than \$5,000 may be disposed of by auction or by inviting tenders.

2.13 Purchase Order Forms

The issue of a purchase order under the terms of the contract represents the acceptance of an offer, thereby establishing a contract with the legal implications that this entails. It is important to note that Council orders must be raised before the supply of goods and services to Council.

Purchase orders must specify where and to whom the goods are to be delivered along with delivery instructions. Purchase orders must contain a quoted price or estimated quoted price apportioned to the relevant budget numbers.

Expenditure limits and threshold limits have been set in this policy to ensure proper controls and checks are carried out on all purchases. No officer shall break down a procurement of products or services into its components or reduce quantities or take any other action in order to avoid complying with this policy or obtaining the prescribed approvals

2.14 Disclosure

All requests for information regarding tenders or quotations submitted will be dealt with by Council under the provisions of the Freedom of Information legislation.

2.15 Receipt

Immediately upon receipt, goods must be inspected for compliance with the order specifications and quantities and be reconciled with the order. The supplier must be formally notified of any returns or shortfalls or damage to the goods received. Credit requests will be raised, and shortages endorsed on the delivery documents to ensure that the Accounts Payable Section pays only for the quantities received and authorised for payment.

2.16 Payment

Acknowledgement of satisfactory receipt of the goods/services must be provided to the Accounts Payable Section in order for payment to be processed. All payments must be supported by an authorisation. Shortages, incorrect supplies, damaged goods, etc. must be noted and unless otherwise negotiated or specified in the offer or on the account, payment will be made strictly in accordance with Council's trading terms of net thirty (30) days in the month following the date of receipt.

Settlement discounts will be treated with urgency by the Council officers and processed within the nominated discount period.

Orders which may require cancellation must be referred immediately to the issuing procurement officer for appropriate action.

2.17 Sole Supplier

A list of sole suppliers and their related products shall be assessed and presented to the Council for approval and resolution including the period to which sole supplier status is to apply before review.

Prior to the end of each approved period, this list is to be reassessed and presented to Council for approval for a further set period.

(f) RELATED DOCUMENTATION

Local Government Act 2009

Local Government Regulation 2012

Australian Standards AS 9001, 9002 and 9003

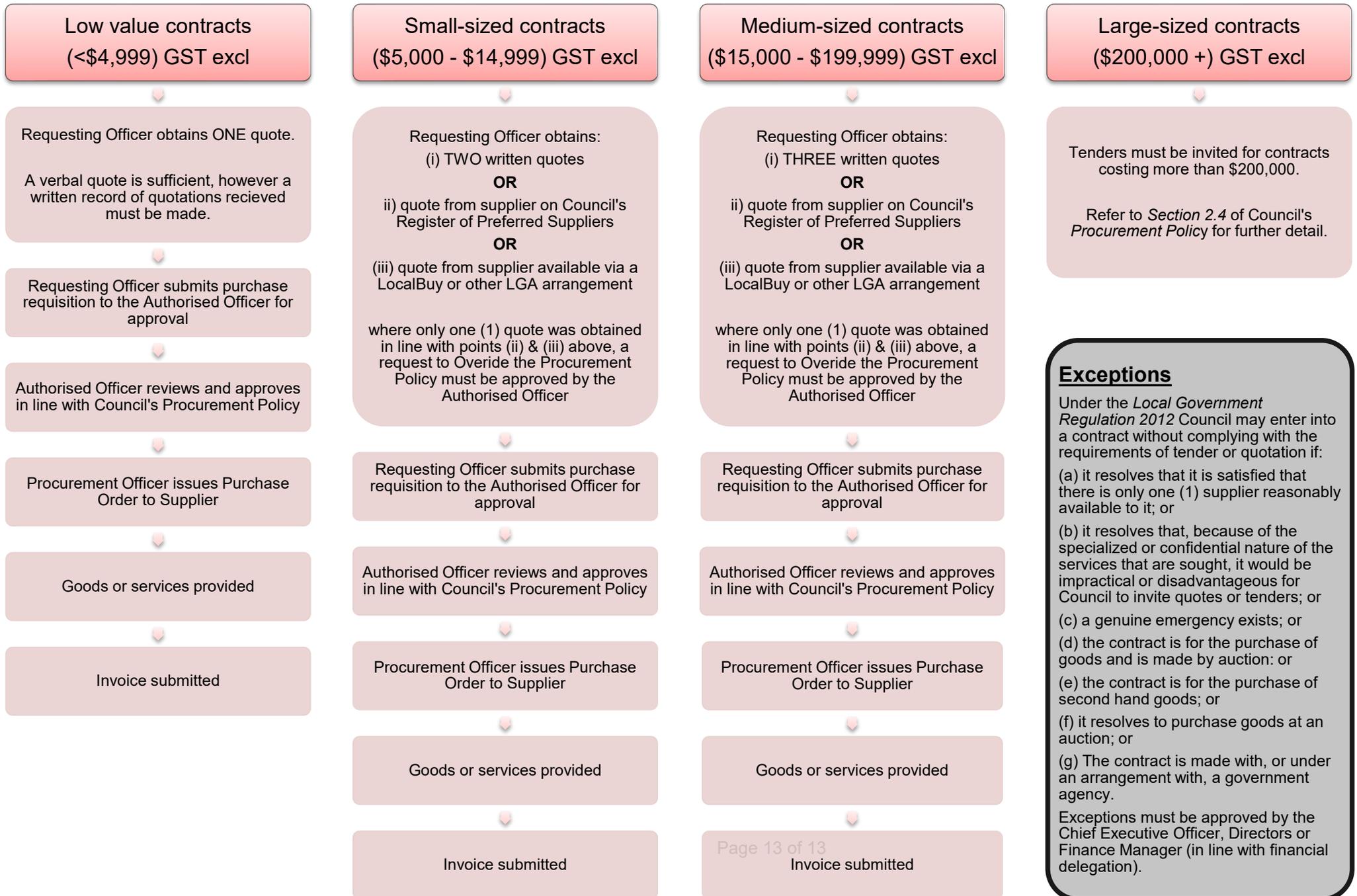
Australian Standard on Risk Management AS/NZS 4360: 1995

APPENDIX 'A'

The following schedule indicates the maximum value of any single purchase that each Authorized Officer has the authority to approve. All amounts are GST exclusive.

Authorized Officers	Financial Delegation
Council Resolution	Unlimited
Chief Executive Officer	\$199,999
Directors: <ul style="list-style-type: none"> • Corporate Services • Community Services • Technical Services 	\$199,999
Finance Manager	\$50,000
Senior Officers (Projects): <ul style="list-style-type: none"> • Building Services Supervisor • Road Project Supervisor Senior Officers (Operations): <ul style="list-style-type: none"> • Works Manager • Workshop Supervisor • Electrical Supervisor • Airport Manager • Stores Supervisor 	\$10,000
Coordinators: <ul style="list-style-type: none"> • Aged Care & Disability Manager • Child Care Manager • HR Manager • Administration Manager • WKCC Manager • Cleaning Supervisor 	\$5,000
Officers: <ul style="list-style-type: none"> • Executive Assistant to CEO/Mayor • WHS Advisor • ICT Officer • Arts Centre Manager • Playgroup Coordinator • Animal Control Officer • IKC Coordinator 	\$3,000
Financial Accountant	\$3,000

APPENDIX 'B'



Exceptions

Under the *Local Government Regulation 2012* Council may enter into a contract without complying with the requirements of tender or quotation if:

- (a) it resolves that it is satisfied that there is only one (1) supplier reasonably available to it; or
- (b) it resolves that, because of the specialized or confidential nature of the services that are sought, it would be impractical or disadvantageous for Council to invite quotes or tenders; or
- (c) a genuine emergency exists; or
- (d) the contract is for the purchase of goods and is made by auction; or
- (e) the contract is for the purchase of second hand goods; or
- (f) it resolves to purchase goods at an auction; or
- (g) The contract is made with, or under an arrangement with, a government agency.

Exceptions must be approved by the Chief Executive Officer, Directors or Finance Manager (in line with financial delegation).