



PALM ISLAND ABORIGINAL SHIRE COUNCIL PROCUREMENT POLICY

Scope

This document sets out the Council's policy for the acquisition of goods and services and carrying out of the Sound Contracting Principles. This policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts (including maintenance). Council officers responsible for procuring goods and services and officers with financial delegation must comply with this policy. It is the responsibility of all Council officers involved in the procurement process to understand the meaning and intent of this policy.

Sustainable procurement

Sustainable procurement means that when buying goods and services organisations practicing sustainable procurement will consider:

- Strategies to avoid unnecessary consumption and manage demand;
- Minimising environmental impacts of the goods and services over the whole-of-life of the goods and services;
- Suppliers' socially responsible practices including compliance with legislative obligations to employees;
- Value for money over the whole-of-life of the goods and services, rather than just initial cost;
- The cost value of money and associated payback periods

Council's procurement decisions should encompass the consideration of goods and services which have a lower impact on the environment and human health than competing goods and services and which are ethically and socially responsible in value for money considerations.

Responsibility

Council officers' financial delegation or responsibility for purchasing goods and services must comply with this policy. It is the responsibility of these Council officers to understand the meaning and intent of this policy.

2.0 Purpose

All Council purchases must be carried out in compliance with the Local Government Act 2009 and the Local Government Regulation 2012. Council's procurement activities aim to achieve advantageous procurement outcomes by:

- (a) Promoting value for money with probity and accountability; and
- (b) Advancing Council's economic, social and environmental policies; and
- (c) Providing reasonable opportunity for competitive local businesses that comply with relevant legislation to supply to Council; and
- (d) Promoting compliance with relevant legislation.

3.0 Reference

- Local Government Act 2009
- Local Government Regulation 2012

4.0 Definitions

To assist in interpretation the following definitions shall apply:

Sound Contracting Principles are:

- 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 the purchase price alone. The value for money assessment must include consideration of:

- i. Contribution to the advancement of Council's Key Strategic Priorities
- ii. Fitness for purpose, quality, services and support; and
- iii. Maintaining and disposal; and
- iv. Internal administration costs; and
- v. Technical compliance issues; and
- vi. Risk exposure; and,
- vii. The value of any associated environmental or sustainable benefits.

b) Open and effective competition

Procurement 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

Council encourages the development of competitive local businesses within the region first, the northern and central Queensland region second and then within Queensland.

When price, performance, quality, suitability, legislative compliance and other evaluation criteria are comparable, the following areas may be considered in evaluating offers:

- i. Creation of local employment opportunities;
- ii. More readily available servicing support;
- iii. More convenient communications for contract management;
- iv. Economic growth within the local area;
- v. Benefit to Council of associated local commercial transaction.

d) Environmental protection

One of Council's key Strategic Priorities is the promotional and adoption of Environmental Sustainability. In undertaking any procurement activity Council will:

- i. Promote the purchase of environmentally friendly goods and services that satisfy value for money criteria, taking into account the whole of life costs of the procurement transaction; and
- ii. Foster the development of products and processes of low environmental and climatic impact; and
- iii. Provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- iv. Encourage environmentally responsible activities by stipulating minimum environmental requirements in procurement documentation.

e) Ethical behaviour and fair dealing.

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

5.0 Background

Council must prepare and adopt a Procurement Policy for each financial year.

6.0 Policy Statement

All procurement transactions must comply with the *Local Government Regulation 2012*. Council will utilise the default contracting procedures set out in the regulation (including the exceptions) to manage its procurement processes.

The dollar amounts quoted in this section are to be **exclusive** of GST.

Council contracted suppliers or stores issue shall be used in the first instance for all transactions, subject to availability of goods and services.

6.1.1 Procurement made up to \$1000.00 (exclusive of GST)

- Considering the 5 principles before making the procurement decision; or
- Seeking verbal or written quotes where the Officer considers that meeting the principles warrants this action;
- Using any of the processes for exceptions for medium sized and large sized contract in the regulation including:
 - Quote or tender consideration plan
 - Approved Contactor List
 - Pre-Qualified Suppliers
 - Preferred Supplier Arrangements
 - LGA Arrangement
 - Other Exceptions

Payment of goods and services up to \$1000.00

- Procurement up to \$50 (exclusive of GST) may be spent out of petty cash, except as defined otherwise by the CEO in accordance with petty cash procedures and contractual arrangements.
- All other procurement up to \$1000.00 be made by placing a written purchase order or by purchasing card in accordance with the *Purchasing Card Justification and Usage Administration Procedure*.

Recording of information

Details of quotes received must be entered into Councils corporate accounting software.

6.1.2 Procurement from \$1000 and up to \$15,000 (exclusive of GST)

- Seeking verbal at least 2 verbal quotes; or
- Using any of the process for exceptions for medium sized and large sized contract set out regulation including:
 - Quote or tender consideration plan
 - Approved Contactor List
 - Pre-Qualified Suppliers
 - Preferred Suppliers
 - LGA Arrangement
 - Other Exceptions

Payment of goods and services from \$1000 and up to \$15,000

- placing a written purchase order

Recording of information

Details of quotes received must be entered into Councils corporate accounting software.

6.1.3 Medium Sized Contracts procurement from \$15,000 and up to \$200,000 (excluding GST)

Use the default procurement procedures set out in the Local Government Regulation 2012 including the exceptions.

Payment of goods and services from \$15000 and up to \$200,000

- placing a written purchase order

Recording of information

Details of quotes and tenders received must be entered into Councils corporate accounting software.

6.1.4 Large Sized Contracts procurement above \$200,000 (exclusive of GST)

Use the default procurement procedures set out in the Local Government Regulation 2012 including the exceptions.

Payment of goods and services from \$200,000.00

- placing a written purchase order

Recording of information

Details of tenders received must be entered into Councils corporate accounting software.

6.2.1 Establishment of lists and supplier arrangements

The development of Approved Contactor Lists, Pre-Qualified Suppliers Lists and Preferred Supplier Arrangements should be considered if the development of these lists and arrangements may:

- provide savings to Council through bulk procurement or reduction of transactional costs; or
- increase the use of local suppliers

6.2.2 Compliance Review

Compliance with this policy and associated procedures should form part of an annual compliance review and that review be subject to the oversight of the Audit Committee.

6.2.3 Contractor Performance Review

A contractor performance review should be undertaken by Council as follows:

- For Approved Contactor Lists, Pre-Qualified Suppliers Lists and Preferred Supplier Arrangements at least once during the term of the contract;
- Procurement quantities including stores on an annual basis.

7.0 Delegations

Only the Council officer positions listed in Council's Delegation Register holding the Financial, Procurement, and Acquittal Delegation are entitled to sign requisitions, and then only in accordance with their respective financial delegation limits.

By signing 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. The Delegation Authority is available on the Council's intranet.

8.0 Review of Policy

This policy will be reviewed when any of the following occur:

1. The related documents are amended or replaced;
2. Other circumstances as determined from time to time by a resolution of Council

Notwithstanding the above, this policy is to be reviewed in accordance for each financial year before 1 July to allow the reviewed policy to apply for 1 July each financial year.

Adopted in 30 June 2015