

## BARCOO SHIRE COUNCIL POLICY

### ***PROCUREMENT POLICY***

Policy Number: BSC-001	Version: 1
Classification: Statutory	Section: Corporate Services - Finance
Date Adopted by Council: 16 <sup>th</sup> May, 2018	Resolution Number: 2018.05.08
Responsible Officer: Chief Executive Officer	<p>Review: Note: This Policy is reviewed when any of the following occur:</p> <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> </ol> <p>Notwithstanding the above, this Policy is to be reviewed at intervals of no more than two years.</p>
Legislation: <i>Local Government Act 2009; Local Government Regulation 2012</i>	

#### **1. STATEMENT OF INTENT**

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

In doing so, the Council will use its best endeavours to achieve value for money with probity and accountability whilst ensuring that competitive local businesses that comply with relevant legislation are given a full, fair and reasonable opportunity to supply the Council.

This policy is required under the Local Government Regulation 2012 and sets out Barcoo Shire Council's policy for purchasing throughout the organisation.

The principles and procedures outlined in this policy comply with Sec.104 (3) of the Local Government Act 2009.

#### **2. PURPOSE**

The purpose of this policy is to:

- Facilitate the procurement of goods and services for Council in a timely and cost effective manner
- Ensure that all procurement activities are within Council's legal and statutory obligations
- Ensure all procurement activities are carried out in a professional manner and all Council officers have a clear understanding of their responsibilities and authority.

#### **3. PRINCIPLES**

The Barcoo Shire Council is required to have regard to the following principles when entering into contracts for the carrying out of work, or the supply of goods or services:

##### **3.1 Value for Money**

Council will obtain value for money in its assessment of offers and purchasing of goods and services by giving consideration to:

- The advancement of Council priorities.
- Non-price factors such as fitness for purpose, quality, service and after-sales support.

- Cost related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal.

### **3.2 Open and Effective Competition**

Council will foster open and effective competition by:

- Ensuring the availability of information to suppliers and the public about the Council's purchasing policy and procurement processes.
- Ensuring that the format, timing and distribution of invitations to suppliers maximises the prospect of obtaining the most cost-effective outcome.
- Providing suppliers with a reasonable opportunity to do business with the Council.

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

Council will enhance the capabilities of local business and industry by:

- Maximising the opportunity for suppliers of goods and services to be considered for Council business on the basis of merit and value for money
- encouraging and assisting local suppliers of goods and services to enter wider markets on the basis of competitiveness, quality, performance and long-term viability
- acknowledging that the local market is limited with respect to size, diversity and location when considering quotations, tenders and expressions of interest from local suppliers of goods and services.

### **3.4 Environmental Protection**

Council will protect the environment by:

- Promoting purchasing practices which conserve resources, save energy, minimise waste, protect human health and maintain environmental quality and safety
- Being consistent with Federal and State Government policies and practices regarding sustainable development.

### **3.5 Ethical Behaviour and Fair Dealing**

Council will encourage ethical behaviour and fair dealing by:

- establishing and observing accountable and transparent purchasing and procurement processes
- ensuring that Council officers with purchasing and procurement responsibilities behave with impartiality, fairness, independence, openness, integrity and professionalism in their dealings with suppliers and their representatives
- Ensuring that Council officers with purchasing and procurement responsibilities are open and accountable and declare any conflict of interest in relation to purchase of goods or services
- Advancing the interests and priorities of Council and earning the professional respect of suppliers in all dealings and transactions
- Reviewing relationships with suppliers who are found to be conducting themselves unethically.

## **4. FINANCIAL DELEGATIONS**

See also *Delegations Policy*

## 5. ORDERING AND PURCHASING

See also *Corporate Credit Card Policy*.

Note: All prices below are exclusive of GST

### 6. GOODS AND SERVICES INVOLVING A COST OF UP TO \$15,000

- 6.1 Supplier enquiries involving a cost up to \$1,000 may be made via available resources such as internet, newspaper and trade magazine research by an authorised officer.
- 6.2 Entry into contracts or the purchase of goods or services between the values of \$1,000 and \$15,000, which have been approved in the budget, by resolution of Council, require at least two (2) written quotes.
- 6.3 The authority to order goods and services involving a cost of up to \$15,000 is delegated to Council officers as detailed and confirmed in the Delegations Register.
- 6.4 Council is not obliged to accept any quote, but if a quote is accepted, it must be the most advantageous to Council, having regard to the sound contracting principles in Section 3 and in accordance with Council's Contractor Management manual.
- 6.5 Council may purchase goods or services up to the value of \$15,000 without seeking quotes, if:
- it can be shown that there is only one (1) supplier reasonably available
  - a genuine emergency exists
  - Council resolves that goods are to be purchased at auction
  - goods or services are to be purchased from an approved contractor or pre-qualified supplier
  - Council resolves that the services to be supplied are of such a specialised or confidential nature that it would be impractical or disadvantageous to the local government to invite tenders or quotations
  - the contract is entered or under an arrangement with another government body

See also <https://www.legislation.qld.gov.au/LEGISLTN/CURRENT/L/LocalGovR12.pdf>

### 7. GOODS AND SERVICES INVOLVING A COST OF BETWEEN \$15,000 AND \$200,000

- 7.1 Entry into contracts or purchase of goods or services in this category may only be made under approved delegation and they are included in the approved budget, or by resolution of Council.
- 7.2 Council must invite written quotes before entering a contract or purchasing goods or services involving a cost between \$15,000 and \$200,000. The invitation must be given to at least three (3) suppliers who Council considers can meet its requirements at competitive prices.
- 7.3 The authority to order goods and services involving a cost of between \$15,000 and \$200,000 is delegated to Council officers as detailed and confirmed in the Delegations Register.
- 7.4 Council is not obliged to accept any quote, but if a quote is accepted, it must be the most advantageous to Council, having regard to the sound contracting principles in Section 3 and in accordance with Council's Contractor Management manual.
- 7.5 Council may enter contracts or purchase goods or services between the value of \$15,000 and \$200,000 without seeking quotes, if:
- it can be shown that there is only one (1) supplier reasonably available
  - a genuine emergency exists

- Council resolves that goods are to be purchased at auction
- goods or services are to be purchased from an approved contractor or pre-qualified supplier (See sections 7-9)
- Council resolves that the services to be supplied are of such a specialised or confidential nature that it would be impractical or disadvantageous to the local government to invite tenders or quotations
- the contract is entered or under an arrangement with another government body

See also <https://www.legislation.qld.gov.au/LEGISLTN/CURRENT/L/LocalGovR12.pdf>

## **8. GOODS AND SERVICES INVOLVING A COST OF MORE THAN \$200,000**

- 8.1 Entry into contracts or purchase of goods or services in this category may only be made under approved delegation and they are included in the approved budget, or by resolution of Council.
- 8.2 Council must invite tenders (Request for Tender RFT) before making a contract for the carrying out of work, or the purchase of goods or services, involving a cost of more than \$200,000.  
(A large sized contractual arrangement is a contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$200,000 or more in a financial year, or over the proposed term of the contractual arrangement (for example, a contractual arrangement for supply of a service over five years, worth \$80,000 each year, has a total expected value of \$400,000))
- 8.3 The authority to order goods and services involving a cost of more than \$200,000 is delegated to the Chief Executive Officer as detailed and confirmed in the Delegations Register.
- 8.4 Council may invite expressions of interest (EOIs) before inviting tenders if it is satisfied that it would be in the public interest and:
- Council's reasons for inviting expressions of interest are recorded
  - The EOI is published on the Council website and in media widely circulating in the region
  - Council prepares a short list from the persons who responded to the invitation for an EOI, and invites tenders from that list.
- 8.5 At least 21 days from the date of publication must be allowed for the submission of expressions of interest or tenders.
- 8.6 Any advertisement containing an invitation to tender may state that Council might later invite all tenderers to change their tenders in accordance with the provision of the Local Government Regulation 2012 Section 228 (7). The inclusion of a statement to this effect in the advertisement, gives Council the right, before making a decision on the tender, to invite all persons who have submitted a tender to change their tender to take account of a change in the tender specifications.
- 8.7 Council is not obliged to accept any tender, but if a tender is accepted, it must be the most advantageous to Council, having regard to the sound contracting principles in Section 3 and in accordance with Council's Contractor Management manual.
- 8.8 Council may enter contracts or purchase goods or services over the value of \$200,000 without inviting tenders, if
- it can be shown that there is only one (1) supplier reasonably available
  - a genuine emergency exists
  - Council resolves that goods may be purchased at auction
  - goods or services are to be purchased from an approved or pre-qualified supplier
  - Council resolves that the services to be supplied are of such a specialised or confidential nature that it would be impractical or disadvantageous to the COUNCIL to invite tenders or quotations.

- 8.9 Council is not obliged to accept any quote, but if a quote is accepted, it must be the most advantageous to Council, having regard to the sound contracting principles as defined in Council's Contractor Management manual.
- 8.10 See also <https://www.legislation.qld.gov.au/LEGISLTN/CURRENT/L/LocalGovR12.pdf>
- 8.11 In accordance with Local Government Regulation 2012 section 237, relevant details of all contracts worth \$200,000 or more (exclusive of GST) must be posted on Council's Website and on the Public Notice Board in Customer Service Centres as soon as practicable after entering into the contracts for a period of at least 12 months.

The relevant details of a contract will include the following:

- the person with whom the Council has entered into the contract
- the worth of the contract
- the purpose of the contract.

## **9. APPROVED CONTRACTOR LIST**

Note: This section does not apply to the provision of goods.

*An "Approved Contractor List" is suitable in instances where it is often impossible in relation to the provision of services (including professionals) to determine the exact scope of a particular job and/or provide a binding tender price or quotation (eg. Engineering or legal consultancies where the exact cost of the service is often not known until the work is in the process of being carried out).*

- 9.1 An Approved Contractor List may be compiled by inviting expressions of interest from persons to be included on the list by way of a public advertisement in a newspaper circulating generally in the shire and/or adjacent local government areas.
- 9.2 At least 21 days must be allowed from the day of the advertisement for the submission of expressions of interest.
- 9.3 Selection of the contractors on the list must be on the basis of the principles identified in Section 3
- 9.4 Contractors must agree to comply with the requirements as defined in the Barcoo Shire Council Contractor Manual

## **10. REGISTER OF PRE-QUALIFIED SUPPLIERS**

*A "Register of Pre-Qualified Suppliers" is suitable in instances where Council knows the standards it requires of a supplier for particular goods or services and a tender price or quotation is possible, but would be pointless or possibly prejudicial to Council's interests to go out to the market each time (e.g. the purchase of aggregate, tyres and plant parts or the supply of plant for hire).*

- 10.1 Council may compile a list of names of suitably qualified suppliers of goods and services if:
- the preparation and evaluation of invitations each time the goods or services are needed would be costly
  - the capability or financial capacity of the supplier is critical
  - the goods or services supplied involve significant security considerations
  - a precondition of an offer to contract is compliance with defined standards
  - the ability of local business to supply the goods or services needed by the local government needs to be ascertained or encouraged.

- 10.2 The Register must be compiled by inviting expressions of interest from persons to be included on it by way of a public advertisement in a newspaper circulating generally in the shire or adjacent local government areas.
- 10.3 At least 21 days must be allowed from the day of the advertisement for the submission of expressions of interest.
- 10.4 Selection of the suppliers to be included on the Register must be on the basis of the principles identified in Section 3.
- 10.5 Council is not required to seek tenders or quotations from suppliers listed on a Register of Pre-Qualified Suppliers of Goods and Services.
- 10.6 Inclusion on the Register does not bind the Council to an offer of work or the supply of goods or materials.

## **11. PREFERRED SUPPLIER ARRANGEMENTS**

*A "Preferred Supplier" arrangement may be suitable in instances where suppliers are prepared to fix pricing conditions of formulae for a specified period.*

- 11.1 Council may establish a preferred supplier arrangement only if:
- The supply of goods or services is needed in large volumes or frequently
  - Council is able to obtain better value for money by aggregating demand for the goods or services needed
  - The goods or services needed can be stated in terms that would be well understood in the industry concerned.
- 11.2 If Council proposes to establish a preferred supplier arrangement, it must invite persons to tender and the invitation must state the purchasing arrangement for which the person is tendering.
- 11.3 Selection of suppliers to enter a purchasing arrangement must be on the basis of the principles in Section 3.
- 11.4 Council must ensure there is provision for the evaluation and review of a purchasing arrangement including, for example, removal of a person from an arrangement because of the person's poor performance in a contract entered into under the arrangement.
- 11.5 A local government may enter a purchasing arrangement for longer than 2 years only if it is satisfied that better value will be achieved by entering into a longer arrangement.

## **12. WAYS OF ENTERING INTO A CONTRACT**

- 12.1 Council may only make, vary or discharge a contract for the carrying out of work or the supply of goods or services:
- by resolution of the Council
  - by a delegate in accordance with Sec.257 of the Local Government Act 2009

## **13. REVIEW**

It is the responsibility of the Chief Executive Officer to monitor and recommend appropriate changes to this policy. This policy will be reviewed annually.

**Related Documents:**

*Delegations Policy and Register*  
*Fraud and Corruption Prevention*  
*Contractor Management manual*  
*Corporate Credit Card Policy*

This policy forms part of Council's long-term financial plan.