

Barcoo Shire Council Policy Procurement Policy

Policy Number BSC-001	Version: 3
Classification: Statutory	Section: Corporate Services - Finance
Date adopted by Council: 22 January 2020	Resolution Number: 2020.01.013
Responsible Officer: Chief Executive Officer	Review Note: This policy is reviewed when any of the following occur: <ol style="list-style-type: none"> 1. The related information is amended or replaced 2. Other circumstances as determined from time to time by the Chief Executive Officer 3. On its anniversary
Legislation: <i>Local Government Act 2009; Local Government Regulation 2012</i>	

1. STATEMENT OF INTENT

The Barcoo Shire seeks to use its purchasing activities to advance Council priorities, as detailed in the Corporate Plan, while observing the principles governing the entering into of contracts required under the *Local Government Act 2009* and the *Local Government Regulation 2012*.

This document sets out Barcoo Shire Council's policy for the acquisition of goods and services and adherence to the Sound Contracting Principles as stipulated in the Legislation listed above.

2. SCOPE

This Policy applies to all Council operations for the procurement of all goods, equipment and related services, construction contracts and services contracts (including maintenance) by Council as defined in the *Local Government Act 2009* (the Act) and the *Local Government Regulation 2012* (the Regs).

Under section 198 of the *Local Government Regulation 2012*, Council must prepare and adopt a procurement policy. This policy is then to be reviewed and adopted annually. This policy must include details of the principles, including the sound contracting principles, which Council will apply in the financial year for its procurement activities.

3. PROVISIONS

Objectives

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

- Promoting value for money with probity and accountability;
- Utilizing reliable and efficient buying practices;
- Consistency with all relevant associated Council policies;
- Meeting audit objectives;
- Advancing Council's economic, social and environmental strategies
- Providing reasonable opportunity for competitive local business that comply with legislative requirement when supplying to Council; and
- Promoting Council's compliance with relevant legislations.

In order to ensure that Council objectives are met, officers are required to

- Preserve Council's integrity in the procurement process to ensure that Council acts and remains beyond reproach in all dealings;
- Abide by Council's Code of Conduct and all other applicable policies, instructions and guidelines;
- Adhere to the procedures provided for their purchasing activities; and
- Adhere to the Sound Contracting Principles as stipulated under the Act.

Responsibility

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

Sound Contracting Principles

Council officers must have regard to the following Sound Contracting Principles in all purchasing activity:

Value for Money

Council must harness its purchasing power to ensure it achieves the best value for money. The concept of value for money is not restricted to price alone. Value for money takes into consideration the benefit of the purchase against the cost of the purchase. The value for money assessment should include consideration of the following:

- Contribution to the advancement of Council's priorities;
- Fitness for purpose: at a minimum – quality, service and support
- Whole of life costs including costs of acquiring, using, maintaining and disposal;
- Technical compliance
- Risk exposure;
- Benefit to the Community;
- Workplace health and safety issues;
- Sustainability; and
- Any associated environmental benefits.

Open and Effective Competition

Purchasing should be open and transparent, and result in effective competition for the provision of goods and services to Council. In order to achieve this, Council must give fair and equitable consideration to all prospective suppliers of goods and services.

Council will foster open and effective competition by:

- Ensuring the availability of information to suppliers and the public about the Council's procurement policy and processes;
- Ensuring that the format, timing and distribution of invitations to suppliers enables the ability to achieve the best value for money outcome; and
- Providing all suppliers with a reasonable opportunity to do business with Council.

The Development of Competitive Local Business and Industry

Council understands the impact that its operations play in the community and wishes to pursue the development of a strong and competitive business community when entering into contracts for the supply of goods and services. Council is mindful its obligation to achieve all requirements of the five Sound Contracting Principles through its procurement activities and has adopted a Local Content strategy to assist it’s aspirations in this Principle.

If a tender or quotation is evaluated using selection criteria, the a local content selection criterion, with a weighting of 10% may be utilised in the evaluation process, and where price, performance, quality, suitability and other selection criteria are evaluated as equal then:

- a) A submission or offer from a local supplier in preference to a comparable tender submission or offer from a non-local supplier may be accepted even if the submission or offer from the non-local supplier has been assessed as more favourable in one or more the assessment criteria applied, as long as the overall differences are not substantial and it is clear that the selected local supplier can meet Council’s requirements at an acceptable high standard;
- b) Local Content is not a price benefit to a local supplier, but is a qualitative measurement that can be utilised in recognition of the location of a supplier and the associated benefits that this provides to Council and the Community, such as:
 - The creation of local employment opportunities;
 - More readily available service support;
 - More convenient communication for contract management; and
 - Economic growth within the local government area.

In this policy a local supplier is defined as follows:

Category	Description
A	Is a developing or established business in the Barcoo Shire Council local government area directly employing local full time employees
B	Has a branch office in the Barcoo Shire Council local government area directly employing a minimum of 5 full time employees (not contractors)
C	Has a branch office in the Barcoo Shire Council local government area, established for a minimum of 6 months, directly employing less than 5 full time employees (not contractors)
D	Is a Resident/Ratepayer of the Barcoo Shire
E	Has a business in the Central or South West Local Government Areas
F	Is a Queensland business
G	Is an interstate business

Environmental Protection

Council promotes environmental protection through its procurement procedures and encourages the recognition of this principle by all Elected Members, Officers and Suppliers

In undertaking any purchasing activities Council will:

- promote the purchase of environmentally friendly goods and services that satisfy the value for money criteria;
- foster the development of products and processes of low environmental impact;
- provide an example to business, industry and the community by promoting the purchase of products and services which conserve resources, save energy, minimize waste, protect human health and maintain environmental quality and safety; and
- maintain consistency with Federal and State Government policies and practices regarding sustainable development.

When evaluating submissions made by quotation or tender, Council will consider the following where practical:

- the environmental policy and performance of the contractor or supplier;
- the selection of products that have a reduced impact on human health and/or the natural environment; and
- the environmental impact and performance of a requested product such as energy and/or water efficiency ratings, fuel efficiency, durability, recycled content, toxicity, origin of any components made from wood and end of life disposal issues.

Ethical Behaviour and Fair Dealing

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

Appropriate records are to be maintained evidencing decisions and terms of engagement together with any discussions on performance or other matters.

No gifts or benefits from potential or current suppliers should be accepted by any officer who purchases goods or services regardless of value.

Council recognises the difficulty of operating in a small community and that conflicts will arise more often than not and thus encourages the openness of officers when reporting any conflict. It is the responsibility of officers to report any potential or perceived conflict of interest to their Team Leader, Manager or alternatively to their Director or the CEO prior to any business dealings.

Different strategies will be implemented dependent on the nature of the conflict and the value of the contract/purchase/procurement activity.

Procurement Definition

In this Policy, procurement is the purchase, hire, lease, rental, exchange or any other commercial transaction involving the outlay of funds in return for the provision of goods and services to Council, Council staff and agents unless specifically exempted under the provisions of this Policy.

4. PURCHASING REQUIREMENTS

Thresholds

Purchase of goods and services	
Threshold	Requirements
Less than \$100.00	Purchase direct from approved local suppliers where available
Less than \$5,000	2 verbal quotes recorded on requisition. A minimum of 1 quote must be sourced from a local supplier where one exists.
\$5,000 to less than \$15,000	2 written quotes sourced and recorded on requisition. A minimum of 1 quote must be sourced from a local supplier where one exists
\$15,000 to less than \$200,000 (Medium-sized contractual arrangement)	3 written quotes sourced and recorded on requisition. A minimum of 1 quote must be sourced from a local supplier where one exists
\$200,000 or more (Large-sized contractual arrangement)	Tender required (see note below)

(All amounts are GST exclusive)

The above thresholds are compulsory, however if there are difficulties in obtaining supply and the required numbers of quotations is not obtainable or able to be sought then the reason must be recorded on the requisition.

All purchases must be made under delegation and must be provided for in the budget.

Expenditure above \$200,000.00 excluding GST

Legislation obligated Council to utilise a public tender process or an expression of interest process before entering into a contract for the carrying out of work or the supply of goods or services which involves a cost of \$200,000.00 excluding GST unless Council exercises an exceptions. This includes cumulative expenditure over the course of a financial year and total value of contracts expected to be for more than one year.

Exceptions

The most commonly exercised exceptions to the requirements above include contracts or purchases made with:

- A contractor on an approved contractor list; or
- A supplier on a register of pre-qualified suppliers; or
- A supplier on a preferred suppliers arrangement; or
- A supplier on an LGA (Local Buy) arrangement.

Further exceptions exist if:

- A quotation or tender consideration plan. Council must resolve to utilise the exceptions, prepare the plan and then adopt the plan prior to any procurement activity occurring.
- Council resolves it is satisfied that there is only one (1) supplier who is reasonably available (sole supplier); or
- Council resolves that due to the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for the local government to invite quotes or tenders; or
- A genuine emergency exists; or
- The contract is for the purchase of goods and is made under 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.

Approved Contractors

In establishing an approved contractor list, Council recognizes that:

- An approved contractor list must be defined by the processes required in the Act;
- Will not be considered to be preferable to a register of pre-qualified suppliers or a preferred supplier arrangement in order to facilitate convenience but will provide Council with the ability to build rigor around small to medium purchasing activities; and
- Will take into account all the sound contracting principles as defined in the Regulations.

Pre-Qualified Suppliers

In establishing a pre-qualified supplier arrangement, Council recognises that:

- It must determine that the preparation and evaluation of submissions would be costly and time consuming if invited every time the goods and/or services were required; or
- It is critical to a successful outcome that the experience and financial viability of a supplier or contract be assess according to the requirements of the local government; or
- There are specific pre-conditions to the offer to supply goods and/or services; or
- There is a need or desire to develop the specific capabilities of the businesses within the local government area; or
- It will ensure value for money by testing the market seeking quotations from the panel.

Preferred Suppliers

In establishing a preferred supplier arrangement, Council recognises that:

- It requires the goods or services in large volume and frequently; and
- It can obtain better value for money by accumulating the demand for said goods or services; and
- It can articulate the specific requirements for the goods or services in a manner that can be readily understood by suppliers in the relevant industry.

NB: PSA's are generally considered to be Sole Supply arrangements. Typical examples could be Stationery, Uniforms, Tyres, Travel, IT Services among others. Local governments can, if sufficient need exists, have more than one supplier on a PSA however in doing this there may be losses incurred in driving value for money and efficiency and if more than one supplier is required then the local government should consider establishing a pre-qualified supplier arrangement instead.

LGA Arrangements

In utilising an LGA arrangement, Council recognises that:

- An LGA arrangement will be utilised where no local or regional supplier is affected or where local or regional suppliers are unable to provide the goods or services required or that local or regional suppliers are available to Council through the LGA Arrangement;
- That the arrangement have been formed as a result market testing processes which ensure that price and other considerations under these arrangement are always equal to or better than the price and considerations which Council could achieve in a public tender or quotation process;
- That there is minimal overhead cost to Council in accessing these arrangements.

Emergencies

In utilising an exceptions for a Genuine Emergency Council recognises that full compliance with existing Council procurement policy and procedures may not support the Council's needs during a critical or emergent incident, an alternative procurement process may operate during the incident. This alternative process aims to accommodate urgent Council and/or community needs, whilst ensuring that the procurement process adopted is reasonable and conducted with appropriate consideration of standard procurement principles.

Once the immediacy of the incident has passed normal procedure must then take place:

- Purchase orders must be raised to record expenditure
- Reports must be presented to Council at the earliest opportunity for resolution to approve the unapproved expenditure
- The Council resolution must provide a definition of the emergency situation i.e. Natural Disaster and delegate authority to the CEO or the appropriate officer if the CEO was not available at the time of the incident.

Financial and Contractual Delegations

In accordance with the Act, the Council delegates to the CEO to act on its behalf. The CEO then delegates to other positions within the organisation a financial delegation that authorises the officer holding that position to approve expenditure of budgeted funds up to a defined dollar amount.

The elected members are the only body within Council that can enter into a contract however they can delegate this authority to the CEO. The CEO can then delegate to other positions within Council the authority to enter into a contract for expenditure of funds up to a set dollar amount. The two are mutually exclusive and if no contractual delegations have been provided to other positions within Council then the authority remains vested with the Elected Members or the CEO if so delegated.

No officer may expend funds or enter into a contractual arrangement of behalf of Council unless:

- The officer has been granted the financial and/or contractual delegation by the CEO and this delegation has been recorded in the register of delegations prior to the activity occurring; and
- The expenditure has been provided for in the Council's budget; and
- The officer has received training in Council's procurement systems and procedures; or
- There is a genuine emergency.

The CEO must approve all financial and contractual delegations by recording them in a register of delegations to enable procurement activities to occur in accordance with this Policy.

Variations

For the purposes of this policy, variation refers solely to a financial deviation from an original contract value. The contract can be a Council purchase or an agreement signed by a delegated Council officer and the Supplier. Other variations, such as non-financial scope changes, extensions of time and the like are to be managed by the delegated Council officer.

- All variations are to be approved in writing;
- Variations can only be approved by an officer, where the total amended costs do not exceed that officers authorised financial and/or contractual delegation and the value of the variation is less than those detailed below;
- For an original purchase order involving a cost of greater than \$15,000.00 but less than \$150,000.00, if the cumulative value of variations exceeds 20% of the value of the original purchase order or \$15,000.00 whichever is the lesser, the variation and any further variations must be approved by the CEO;
- For an original purchase order involving a cost of \$200,000.00 or more, all variations must be considered by Councils Senior Management team and if necessary a report should be provided to Council for resolution.

Publishing details of Contracts

In accordance with Section 237 of the Regulation, Council is obliged to publish details of all contracts worth \$200,000.00 or more (exclusive of GST). These details must be published monthly on Council's website and also on a noticeboard located in a position in Council premises that is easily accessible by the public. Information to be recorded in these publications includes the following:

- The person/company with whom Council has entered into a contract; and
- The total value of the contract; and
- The purpose of the contract; and
- The methodology under which the Council entered into the contract.

For the purposes of clarity, a purchase order may also be defined as a contract.

Council or its officers will not release proprietary or confidential information pertaining to any offer may by a supplier other than that which is required by law to be published.

Recurring operational expenditure

In some cases, it can be considered impractical to issue a requisition or purchase order where such purchasing activities are recurring and operational in nature. Examples of this type of expenditure include but are not limited to Utilities, Insurances, IT Licensing, Vehicle Registrations and Original Equipment Manufacturers. See appendix 1 for a full list of Council's current list of providers.

State or Federal Government Grants

Where State or Government loan funds or grants are used to fund Council projects, there may be stipulations as to the procurement requirements of the funding body that are to be observed and may supersede Council's procurement policy or procedures. These instances should always be noted in a report to Council and minuted.

Legislation

Local Government Act 2009

<http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/L/LocalGovA09.pdf>

Local Government Regulation 2012

<http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/L/LocalGovR12.pdf>

Relating Sections:

Section 198	Procurement Policy
Section 225	Medium Sized Contract
Section 226	Large Sized Contract
Section 228	Tender Process
Section 231	Exceptions for contractors on an approved contractor list
Section 232	Exceptions for a register of pre-qualified suppliers
Section 233	Exceptions for a preferred supplier arrangement
Section 234	Exceptions for an LGA Arrangement
Section 235	Other exceptions
Section 237	Publishing details of contracts worth \$200,000.00 (excl. GST) or more
Section 238	Entering into a contract under a delegation.

Related Documents

Delegations policy and register
Fraud and Corruption Prevention
Procurement Procedures Manual
Corporate Credit Card Policy
Corporate plan
Financial Delegations Register
Code of Conduct
Gifts and Benefits

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

APPENDIX 1 – Recurring Operational Expenditure

Provider	Description
Ergon Energy	Electricity
Telstra	Telephone/Internet
Jardine Lloyd Thompson	Insurance
Local Government Workcare	Workers Compensation
Local Government Mutual	Public Liability
Microsoft	Licensing
DTMR	Vehicle and Plant registration
Electoral Commission of Queensland	Election Assistance and Costs
Queensland Audit Office	State Government Auditing
SAI Global	Australian Standards Documentation
Australian Taxation Officer	All taxation costs
LGAQ	Membership/subscriptions
LGMA	Membership
PIA	Membership
IPWEAQ	Membership
DNRM	Property Valuations/Licensing/EPA Costs
Hastings Deering (OEM)	Spare Parts, Oils, Coolants, Filters etc
Nalco Australia Pty Ltd (OEM)	Coagulant
HACH (OEM)	Water portable testers, PH Turbidity and Chlorine
Dowdens Pumps (OEM)	Spare parts and accessories
Smartfill (OEM)	Fuel Cell Tag System

APPENDIX 2

Financial and Contractual Delegations

- Officers may incur expenditure on behalf of Council but only if the expenditure is provided for in Council's budget and the officer has been delegated the power to enter into contracts up to an amount not less than the amount of the expenditure proposed to be incurred.
- Each delegation to an officer of the power to enter into contracts must be approved by the Chief Executive Officer
- The delegation is not a personal one but is attached to a position and remains with that position if the delegate is transferred or moved to a different position to that which the delegate occupied.
- An officer incurring expenditure on behalf of Council must do so in accordance with any constraints imposed by Council or the Chief Executive Officer.

Delegation Position	Delegation Amount	Expenditure outside of Budget
Chief Executive Officer	As required*	Utilise emergency provisions of the Local Government Act.
Directors	\$100,000	As per approved budget, tender etc
Store Person	\$50,000	Store items only
Finance Manager	\$20,000	
HR & Governance Manager	\$20,000	
Operational Works Manager	\$20,000	
Fleet & Workshop Coordinator	\$20,000	
Town Services Manager	\$20,000	
Building Services Supervisor	\$20,000	
Rural Lands Officer	\$20,000	
Diesel Fitter	\$5,000	
Construction Supervisor	\$5,000	
Executive Assistant	\$5,000	
IT/Technical Officer	\$5,000	
Plumber	\$5,000	
Tourism & Community Supervisor	\$2,500	
Reception/Admin (Corporate Services)	\$1,000	
Town Gangers	\$1,000	

*Council further gives the Chief Executive Officer delegated authority to negotiate, finalise and execute recurring operational expenditure (e.g. insurance, electricity, telephone, vehicle registration, ongoing contracts etc.) regardless of whether the value of the expenditure is more or less than \$200,000.00 ex GST.

All delegations listed are GST exclusive.