

COUNCIL POLICY			
Date Adopted by Council	13/12/2017	Council Resolution	
Effective Date	13/12/2017	Next Review Date	1 year as per LG Regulation 2012
Responsible Officer(s)	Peter Shuttlewood	Revokes	Procurement Policy 12/02/2016

Purpose

The purpose of this policy is to detail the principles, including the sound contracting principles that Council will apply in the financial year for purchasing goods and services.

The policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts (including maintenance).

Scope

This policy is applicable to all officers undertaking the procurement of all goods, equipment and related services, construction contracts and service contracts, including maintenance, as defined in the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Applicable Legislation

This policy refers to *Local Government Act 2009* and *Local Government Regulation 2012*.

Policy Statement

1. Procurement is an essential function to advance the priorities and outcomes of Council and must be conducted in a manner that achieved value for money with probity and accountability, in doing so, Council must also meet legislative obligations under the Act and the Regulation.
2. It is the responsibility of all officers to undertake procurement functions in compliance with statutory responsibilities, Council policy's and Council's purchasing Guidelines. All breaches of an officer's procurement responsibilities must be reported to the Executive Manager Procurement and Assets and may result in disciplinary action if proven.
3. **Sound Contracting Principles:**

a) Value for Money

The concept of value for money is not restricted to price alone. Value for money is weighing up the benefits of the purchase against the cost of the purchase. Value for money factors need to be specifically included in evaluation criteria and may include

- i. Contribution to the advancement of Council's priorities
- ii. Fitness for purpose, quality, services and support
- iii. Maximising compliance with Workplace Health and Safety requirements for the product or service.
- iv. Whole of life costs including costs of acquiring, using, maintaining and disposal

- v. Internal administration costs
- vi. Technical compliance issues
- vii. Risk exposure
- viii. The value of any associated environmental 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 recognises the significant impact that its operations play in the local economy however also is mindful of its requirement to provide value for money outcomes through its procurement activities.

In this policy, township refers to the locations of Airlie Beach/Cannonvale, Bowen, Collinsville, and Proserpine.

In this policy, a 'regional supplier' is a supplier which:

- Are beneficially owned persons who are residents or ratepayers in the Whitsunday Regional Council area; or
- Has its principal place of business within the Whitsunday Regional Council area; or
- Otherwise has a place of business with the Whitsunday Regional Council area that solely or primarily employs person who are residents or ratepayers of the region.

In this policy, a 'local supplier' is a supplier which:

- Has its principal place of business within that Township area where the goods or services are to be performed or delivered; or
- Otherwise has a place of business within that Township area that solely or primarily employs persons who are residents or ratepayers of the region.

A 'non-local' supplier is a supplier who is not a local or regional supplier.

Council's commitment to competitive local business and industry is specifically demonstrated by the following:

- i. For procurement activities that require officers to seek two (2) quotations, the two (2) quotations must be sought from local suppliers only where a local supplier/s exists. Council officers may seek additional (i.e. more than 2) quotations from local or non-local suppliers.
- ii. For procurement activities that require three (3) quotations, the three (3) quotations must be sought from local suppliers where local suppliers exist. Council officers may seek additional (i.e. more than 3) quotations from local or non-local suppliers.
- iii. For each procurement activity undertaken using tender arrangements, a 'Local Supplier' assessment criteria with a 10% or 5% weighting dependent on classification must be used as part of the evaluation.

d) Tender evaluation

Council will apply three (3) step evaluation process:

- i. Council will confirm any mandatory criteria as stipulated under the tender before proceeding to stage 2.
- ii. Council will then assess tenders using the qualitative evaluation criteria the technical, managerial and quality capacity of the supplier in the delivery of the specified goods and/or services. (Local and regional suppliers who are non-conforming do not proceed to stage 2).
- iii. Council will the apportion a weighting based upon their supplier classification as described in the table below to the conforming tender price.

10%	5%	0%
Local Supplier	Regional Supplier	Non-local Supplier

e) Environmental Protection

Council promotes environmental protection through its procurement procedures.

f) Ethical behaviour and fair dealing

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

Whilst acting in a fair and ethical manner, the major obligation of Council officers is to ensure best value for money on Council's behalf.

4. Procurement Guide

As an associated document to this policy, Council maintains the Procurement Guide that is reviewed annually. The guide provides as a minimum the following:

- a) Overview of Council's procurement functions
- b) Council's procurement principles
- c) Procurement responsibilities, accountabilities and delegations
- d) Probity and accountability in procurement
- e) Procedural guidelines for procurement methods
- f) Dealing with complaints

5. Financial Delegation

In accordance with the Act the Chief Executive Officer delegates to positions within Council financial delegation which authorises an officer to approve expenditure of budgeted funds up to a set dollar amount. Officers with financial delegations must only approve purchases which are in accordance with this policy, relevant procedure and contractual arrangement conditions.

6. Purchasing Card Transactions

Transactions may only be completed by Purchasing Card within the officer's financial delegation and in accordance with the Purchasing Card Policy which is subordinate to this Policy.

7. Procurement Expenditure Level Requirements

Council maintains to the following procurement requirements based on the whole cost of the purchase. Exceptions to the requirement for quotes and tenders to be called are provided for under sections 230 – 234 of the regulation are:

- a) Quotation or tender consideration plan; or
- b) Approved contractor list; or
- c) Accessing a Registered or Pre-Qualified Suppliers; or
- d) Preferred supplier arrangement; or
- e) LGA Arrangement

In regard to LGA arrangements, Council recognises that:

- a) Will only be utilised where no local or regional supplier is affected; and
- b) The arrangements are entered into as a result of legislated market testing processes which ensure that the price and other relevant terms under these contracts are always equal to or better than the price and terms available which would be available under a separate call for tenders or quotations.
- c) Acknowledges that these contracts can be accessed immediately so that there is not time delay as occurs where tenders or quotations are sought; and
- d) Acknowledges that there is minimal overhead cost to Council in accessing these contracts as compared to separately call for tenders or quotation that involve significant staff resources to assess and report on the tenders or quotations received.

8. Threshold levels for the provision of goods and services include the carrying out of work

- a) Goods and services to \$500 (Excluding GST) – a minimum of one verbal offer can be obtained.
- b) Goods and services \$501 to \$15,000 (Excluding GST) – a minimum of two written quotes are to be obtained and recorded with Council's records management software.
- c) Medium – sized contract for goods and services \$15,001 to \$200,000 (Excluding GST) require the calling of public tenders in accordance with Section 228 the Regulation unless the provisions for an Exemption as provided under section 230 – 235 of the Regulation.

9. Other exemptions to threshold limits

In accordance with section 235 the following exceptions are applicable to thresholds only if:

- a) The local government resolves it is satisfied that there is only 1 supplier reasonably available; or

- b) The local government resolves that, because of 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
- 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) The contract is made with, or under an arrangement with, a government agency.

10. Public Tenders

Where Council is required to invite written tenders for large-sized contracts this will be conducted in accordance with section 228 of the Regulation.

Public Notices will be advertised in all local newspapers circulating in the region as well as through a publicly available web based tender portal.

11. Expressions of interest

Council may also seek Expressions of Interest as per section 228 of the Regulation if:

- a) Prior to the issuing of the Request for Expressions of Interest that Council decides by resolution that it would be in the public interest; and
- b) That the reasons for making the resolution are recorded in the minutes of the meeting at which the resolution was made.

12. Publishing details of contracts entered that exceed \$200,000 (Excluding GST)

Council will display contracts over \$200,000 (Excluding GST) in accordance with Section 237 of the Regulation on Council's website and on noticeboards at each of its customer Contact Centres at Bowen, Cannonvale, Collinsville and Proserpine.

13. State and Federal Government Loans and Grants

Where State and Federal Government loan funds or grant are used in Local Government projects, procurement policies stipulate as a condition of funding by those agencies are to be observed.

14. Training

Council acknowledges that training of staff is essential for compliance with this policy. An annual procurement training framework will be provided to staff to address the different training and development needs. Furthermore, members on the assessment panel for tenders must have attended recent training on Council's tendering process.

15. Internal Controls

Internal controls are an important governance aspect to ensure compliance with this policy. Sufficient internal controls must be established for assurance purposes, including reviews and audits of procurement processes, with a report to the CEO on any breaches identified of this policy.

Definitions

CEO refers to the Chief Executive Officer of the Whitsunday Regional Council appointed in accordance with the *Local Government Act 2009*.

Council refers to the Whitsunday Regional Council

Related Documents

Purchasing Card Operational Policy

Procurement Guide

Contracts Manual