



Somerset
REGIONAL COUNCIL

Policy Subject/Title: 2020/2021 Procurement Policy

Policy Number: F/008

Responsible Officer: Director Finance

Legislative or Regulatory Reference: *Local Government Act 2009*
Local Government Regulation 2012

Related Policies / Procedures: N/A

Authorised by: Somerset Regional Council

Authorised on: Ordinary Council Meeting 10 June 2020

Amendment dates: 13 June 2018 [Doc ID 1041325]
20 December 2018 [Doc ID 1085735]
27 February 2019 [Doc ID 1097626]
12 June 2019 [Doc ID 1120321]
12 February 2020 [Doc ID 1176920]
10 June 2020 [Doc ID 1203227]
26 August 2020 [Doc Id 1222098]
9 September 2020 [Doc Id 1226312]
28 October 2020 [Doc Id 1239434]
10 February 2021 [Doc Id 1266880]

1. OBJECTIVE

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

- (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 price alone. The value for money assessment must include consideration of:
 - (i) contribution to the advancement of Council's priorities; and
 - (ii) fitness for purpose, quality, services and support; and
 - (iii) whole-of-life costs including costs of acquiring, using, 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 benefits.
- (b) open and effective competition - Purchasing 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 and economic development - Council wishes to pursue the principle and objectives of encouraging the development of competitive local business and industry and economic development as part of the process of making its purchasing decisions. Council will endeavour to support local business by inviting local businesses to supply quotations and bid for tenders.
- (d) environmental protection - Council promotes environmental protection through its purchasing procedures. In undertaking any purchasing activities Council will:
 - (i) promote the purchase of environmentally friendly goods and services that satisfy value for money criteria; 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.
 - (v) ethical behaviour and fair dealing - Council officers involved in purchasing are to behave with impartiality, fairness, independence, openness, integrity, and professionalism in their discussions and negotiations with suppliers and their representatives.

This policy incorporates relevant requirements under the Local Government Act 2009 (the "Act") and the Local Government Regulation 2012 (the "Regulation") and aims to meet the requirements of section 198 of the Regulation.

2. BACKGROUND

Council is required to review its procurement policy each financial year under the Regulation.

3. PURPOSE

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).

All Council purchases must be carried out in compliance with the Act and the Regulation.

4. SCOPE

This policy applies to all Council employees and Councillors.

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

ALL dollar amounts stated in this policy include GST.

This policy replaces all previous procurement policies.

5. POLICY

A. PURCHASES UNDER \$15,000

Except as outlined below:

1. For purchases up to and including \$1,000, one verbal quotation may be sufficient.
2. For purchases of more than \$1,000 up to \$15,000, at least two written quotations shall be sought.

The Chief Executive Officer may authorise the purchase of goods or services to the value of \$5,000 without obtaining quotations.

Sole Supplier Arrangements - Where goods or services up to a value of \$15,000 are required and it is believed that only one supplier is legally or reasonably available to Council, the Chief Executive Officer may authorise the purchase after being satisfied of the authenticity of the case, reasonableness of the proposed cost and the availability of a budget for the expenditure.

Petty cash procedures and other purchasing procedural issues will be outlined in administrative manuals or procedures. The limit for petty cash or low value in store purchases is to be set by the Chief Executive Officer from time to time having regard for cost factors such as city parking.

The Chief Executive Officer may set a different limit for different purchases, such as food and beverage purchases.

Purchasing cards may be issued to officers (including the Chief Executive Officer) at the discretion of the Chief Executive Officer on the basis of need with the following provisos:

That cards be issued on the conditions that they are not used:

1. for private purposes
2. for purchases greater than the transaction limit
3. for items readily available from a Council store while the store is reasonably accessible
4. for cash withdrawals or advances – all cards will have the cash advance facility disabled
5. by persons other than the named cardholder to ensure that the cardholder has full responsibility for the use of the card
6. for other purposes as detailed in the purchasing card procedure.

No purchasing card other than card of the Chief Executive Officer shall have a transaction limit exceeding \$3,000. No card shall have a transaction limit exceeding \$10,000.

The Chief Executive Officer and Director Finance must conjointly sign all applications for new purchasing cards.

No purchasing card shall be issued to the Director Finance.

Failure to comply with Council policy and procedures in the use of purchasing cards will result in the immediate cancellation of cards and disciplinary action.

Prior to the issue of purchasing cards, each cardholder must sign an acknowledgement statement which summarises the requirements of this policy and relevant procedures in relation to the use and holding of purchasing cards to ensure cardholders understand their obligations and to evidence this understanding. Further, each cardholder must sign a fresh acknowledgement statement annually before the end of March.

Cardholders are required to instigate all purchases that are possible to be made using credit card under this policy by credit card except where the Chief Executive Officer authorises generally (eg by type) or specifically in writing otherwise.

The Chief Executive Officer and selected delegates are empowered to authorise the purchase of goods or services which are the subject of natural disaster relief funding arrangements to the value of \$15,000 without obtaining quotations in order to expedite recovery.

B. PURCHASES BETWEEN \$15,000 AND \$200,000

Except as provided in this policy, Council will invite written quotations before making a contract for the carrying out of work or the supply of goods or services involving a cost of between \$15,000 and \$199,999.99 inclusive. The invitation must be given to at least three persons who Council considers can meet its requirements at competitive prices.

Records of offers received must be kept on file.

C. PURCHASES ABOVE \$200,000

Except as provided in this policy, Council will invite tenders before making a contract for the carrying out of work, or the supply of goods or services involving a cost of \$200,000 or more.

The invitation must be by notice on Council's website and in addition:

- an advertisement on a web portal such as VendorPanel;
- an advertisement in one or more newspapers circulating generally in the Somerset Regional Council area;
- notice on all of Council's LED signs; or
- other means of notification as determined by the Chief Executive Officer;

and allow at least 21 days from the day of the advertisement for the submission of tenders.

Records of tenders received must be kept on file.

D. EXCEPTIONS FROM THE REQUIREMENT TO SEEK TENDERS OR QUOTATIONS

The Regulation specifies when Council is exempt from the requirement to seek tenders or quotations.

Council confirms via this policy that it may apply all or any of these exemptions where appropriate or necessary.

Council confirms it is satisfied that there is only 1 supplier who is reasonably available for the maintenance of relevant computer software programs such as financial, mapping and records systems, being the suppliers of those systems, and endorses all such agreements entered into since the commencement of legislation requiring this resolution.

E. DELEGATIONS AND TYPES OF EXPENDITURE

An authorised officer for the purpose of this policy is an officer of the Council authorised by the Chief Executive Officer to expend budgeted funds up to the limit specified in the register of delegations.

In addition, there are many types of expenditure to which limits are specified including:

- Type 1 Recurrent expenditure and capital constructions.
- Type 2 Plant or other capital purchases costing at least \$1,000.
- Type 3 Purchases into store.
- Type 4 Purchases of goods and services required by the local State Emergency Service for emergency events outside of normal Council operating hours.
- Type 5 Swimming pool fence inspection certificate numbers.
- Type 6 Purchases of goods and services required during declared emergency events that represent eligible expenditure for Council under either the counter-disaster operations or the emergent works categories of the Queensland Disaster Relief and Recovery Arrangements Guidelines.

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.

No contract shall be entered into that involves the payment of a deposit or other prepayment

for goods not yet delivered or services not yet performed without the written approval of the Chief Executive Officer. This requirement refers to ad hoc supplies of goods or services rather than annual subscriptions or licences, annual software maintenance or leases and payments made by credit card where alternate means may be available for recovering payments for unsupplied goods or services.

F. STANDING ARRANGEMENTS

Council shall advertise calling for expressions of interest at least annually for the purpose of compiling registers of standing arrangements for plant contractors and other goods and services that are considered appropriate. Suppliers may only join the registers following advertisement in accordance with the conditions specified in the advertisement and other specifications made available and set before advertising.

Quotations shall be accepted on a "Commercial in Confidence" basis.

Immediately following the closure of expressions of interest, appropriate Council officers shall determine for each type of supply (eg 10 tonne truck hire for Toogoolawah area) an order of priority of use for this supplier. Appropriate criteria shall be taken into account in this process including price, term for which prices will be fixed, GST registration for the ability to claim input tax credits, past performance (for example, as an indicator of the ratio of work performed to hours worked), insurance, Quality Assurance if appropriate, Workplace Health and Safety matters, ability to accurately complete contractor timesheets or other records and sound contracting principles matters.

A predetermined scoring and weighting system shall be devised and approved by the Chief Executive Officer (CEO) for ranking suppliers within relevant categories. The CEO or delegate shall participate in the scoring process and shall approve all rankings assigned. The scoring system will include a 10% additional weighting for local suppliers.

Suppliers shall be advised as to their rank with further details not disclosed. This policy shall be communicated to all interested suppliers before they submit expressions of interest.

When selecting suppliers within the relevant categories, Council officers shall contact the first ranked supplier who shall be requested to supply within the required timeframe. If the supplier is not available, the second ranked supplier and so on shall be asked. The person seeking the supply shall document evidence that these processes have occurred.

Suppliers within the relevant categories shall not be used unless and until all ranked suppliers have been contacted and have communicated that they are not available to supply within the required timeframe. Normal quotation procedures under this policy shall then apply.

G. GOODS AND SERVICES TAX (GST)

Council will not enter into arrangements with any potential supplier that might lead to the remittance of withholding tax due to the non-reporting of an Australian Business Number.

To remove any doubt, the availability of a GST input credit shall be taken into account when assessing the comparative offers of suppliers where some offerors are registered for GST and some are not.

H. DISPOSAL OF LAND AND NON-CURRENT ASSETS AND VALUABLE NON-CURRENT ASSET

The Regulation obliges Council to define "valuable non-current assets" for the purposes of

contracting by reference to their apparent value.

Council confirms that the limits set are as follows for the indicated asset classes:

- for land—\$1
- for plant or equipment—\$5000
- for another type of non-current asset—\$10000

The defined limits for a valuable non-current asset are to be reduced to the following levels where the item is proposed to be sold to a Council employee, a Councillor or any associate of an employee or Councillor as that term is defined in the *Fringe Benefits Tax Assessment Act 1986*:

- for land - \$0
- for plant and equipment - \$100
- for another type of non-current asset - \$100

I. LOCAL SUPPLIER REGISTER

Council will maintain a structured local supplier register providing email addresses of potential local suppliers who wish to be given the opportunity to quote for the supply of specified goods and services.

A local supplier is a registered business with an Australian Business Number that has a physical place of business on rateable land within the local government area that is owned or leased by the business.

J. ORDER SPLITTING

Order splitting is the division of procurement so as to pass under a threshold defined by the policy or by legislation. Order splitting is not permitted.

K. TENDER RECOMMENDATIONS AND CONFLICTS OF INTEREST

Officers who make or contribute to recommendations in respect of the selection of

- (i) tenders; or
- (ii) suppliers from a Local Buy pre-approved list for contracts valued in excess of \$200,000.

and who do not otherwise have a requirement to complete and keep updated a register of interests under the *Local Government Regulation 2012* will be required to complete a conflict of interest declaration in the form Council specifies.

The declaration form will include either a signed statement that the officer has no conflicts of interest in relation to the procurement exercise or a signed declaration that the officer has a conflict of interest in relation to the procurement exercise and details as to what the conflict is. An officer's conflict of interest will be dealt with by Council's Chief Executive Officer in accordance with Council's Code of Conduct.

In this policy, "conflict of interest" means a private or personal interest which could prejudicially influence an officer in the performance of their public or professional duties.

L. ALL DECISIONS REGARDING TENDERS WILL BE MADE BY COUNCIL

RESOLUTION

All decisions regarding tenders are to be made by Council resolution.

M. RAISING OF PURCHASE ORDERS TO SUPPORT LEGAL DISCLOSURE REQUIREMENTS

Council will record all contract purchase commitments of greater than \$200,000 as purchase orders within Council's financial system including relevant references to Council's electronic document records management system (EDRMS) where details are not able to be recorded within the financial system. The officer responsible for the contract will also be responsible for ensuring that a purchase order is raised to reflect and record the contract in Council's financial system within five days of the contract being entered into.

6. EFFECTIVE FROM

10 June 2020.

7. CONTROLS

As indicated in this policy.

8. DATE OF RESOLUTION

This policy was approved by the Chief Executive Officer and adopted by the Somerset Regional Council at the Ordinary Meeting of 10 June 2020.

Signed:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Date: 10 June 2020