

Document Name	Document Version Number	Review Date
Procurement Policy	1.0.4	September 2021
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### Purpose

The purpose of this policy is to:

- Establish a framework to guide Council, employees, volunteers and agents involved in procurement activities to meet legislative requirements; manage risk and achieve best value for Council.
- Create an environment where Council's purchasing practices are, and are seen to be ethical, accountable, transparent and effective.

### Scope

The policy and attendant methods, procedures and practices apply to all Council staff and all persons undertaking procurement on behalf of Council.

The Procurement Policy encompasses all facets of Council operations, including Management Committees established under section 355 of the Local Government Act 1993 and Reference Committees of Council.

Council will ensure staff and Committee volunteers receive training adequate for them to understand the Procurement Policy and to correctly apply procurement procedures.

This policy *does not* apply to goods and services purchased:

- From internal Council sources
- In an emergency
- By contractors or sub-contractors of Council.

### Definitions

**Procurement** The obtaining of goods and services for use by Council to enable it to carry out its functions under the Local Government Act 1993.

**Quotation** A quotation is the estimated or actual market price of the supply of a work, good or service supplied to Council by a supplier after a verbal or written request from a Council Officer.

**Council Officer** Any person authorised by Council to purchase goods or services on behalf of Council. This includes employees, volunteers and other agents acting on behalf of Council.

### Policy Content

#### Value for Money

Council will use public funds to obtain the best return and performance from those funds.

Value for money is determined on a whole-of-life basis, and takes into consideration factors such as:

- the market maturity for the property or service sought
- the performance history of each prospective supplier
- the relative risk of each proposal
- the flexibility to adapt to possible change over the property or service lifecycle
- financial considerations including all relevant direct and indirect benefits and costs over the whole procurement cycle
- the anticipated price that could be obtained, or cost that may be incurred, at the point of disposal
- the evaluation of contract options (for example, contract extension options)
- the suitability of the product/service to be procured
- potential obsolescence of a product/service in the near future.

Additional factors include Council staff making decisions in an accountable and transparent manner.

### **Environmental Protection**

Council is sensitive to environmental protection issues. The purchase of goods and services will support Council's environmental protection objectives.

Where appropriate, Council will evaluate quotations or tenders against environmental protection evaluation criteria. Where supplier's price, performance, quality, suitability and other evaluation criteria are comparable, the supplier who is assessed as having the best environmental protection capability will be preferred.

Where appropriate, evaluation criteria for quotations/tenders will include recycled materials and efficient energy consumption.

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

Ethical behaviour means procurement is conducted with due regard to Council's reputation such that an external observer would readily conclude Council's procurement behaviour complies with rules and standards for correct procurement practice. Fair dealing means treating all suppliers equally, providing them with equal opportunity and information, and assessing them without bias against evaluation criteria.

When procuring goods and services all Council officers will comply with the legislative and regulatory framework, attain a high level of professionalism and credibility with suppliers, act ethically and with integrity and fairness.

Please refer to Council's Statement of Business Ethics.

### **Conflict of interest**

- Council staff shall at all times avoid situations in which private interests conflict, or might reasonably be thought to conflict, or have the potential to conflict with their Council duties.
- Councillors and Council staff shall not participate in any action or matter associated with the arrangement of a contract (i.e. evaluation, negotiation, recommendation, or approval) where that person or any member of their immediate family has a significant interest, or holds a position of influence or power in a business where quotations or tenders are being sought.
- The onus is on the member of Council staff being alert to and promptly declaring an actual or potential conflict of interest to the Council.

- Council staff must declare to their manager any potential or actual conflict of interest, including any situation where a supplier has an association or relationship with the Council officer. Where an officer has a potential or actual conflict of interest, they are required to complete a declaration statement.

### Local Purchasing

*Staff undertaking procurement on Council's behalf must read the Local Preference Purchase Policy in conjunction with the Procurement Policy and Procedures.*

### Authorisation

Only Council Officers with appropriate authorisation and/or delegation will purchase goods and services on behalf of Council. Position descriptions for Council employees will specifically state the purchasing authority of each position and Council will maintain a purchase authorisation register.

### Risk Management

Risk Management is the systematic positive identification of threats and the identification of opportunities for best use of resources. Throughout the procurement process, Council will ensure that risks associated with any transaction are identified and are treated in accordance with Council Risk Management Framework.

### Methods of purchasing

#### Tender

Where the total value of goods and services sought exceeds the tender threshold, the Council will follow the statutory tender process.

The Council will not engage with order splitting to avoid exceeding the tender threshold.

#### Purchase orders

Except for items specifically excluded in other policies and procedures, all Council purchases of goods and services will require a valid purchase order to be generated prior to the purchase of the good or service.

#### Corporate Credit Cards

Council may permit the use of corporate credit or debit cards to purchase goods and services on behalf of Council. Such use will be subject to a specific policy. The Corporate Credit Card Use Policy will be consistent with this general policy and statutory requirements.

#### Petty cash

The use of petty cash for minor purchases (i.e. less than \$100) is encouraged. Whilst quotations are not required Council Officers will still follow the principle of best value.

### PROCUREMENT AUTHORITY LEVELS

The following table is a guide to the various levels of procurement authority within Council. As indicated below, each procurement level has a pre-determined level of expenditure subject to the specific requirements of each Council Officers position.

Where a Council Officer has no procurement authority, they will be automatically allocated procurement level zero.

Procurement Level	Expenditure Value (Incl. GST)	Procurement tolerance limits	Council Officer
1	\$150,000.00 +	Tender in accordance with Local Government Act and Regulations	General Manager
2	\$0 – \$150,000	Seek public quotations from \$100,001 to \$149,999.99	General Manager
3	\$0 – \$100,000	Three written quotes between \$50,001 and \$100,000	Director
4	\$0 – \$50,000	Two written quotes between \$10,000 and \$50,000	Manager
5	\$0 – \$10,000	Direct negotiation to \$5,000, one written quote between \$5,001 and \$10,000	Supervisor/Coordinator
6	\$0 – \$2,500	Direct negotiation and use of local suppliers where ever possible.	Council Officer with delegated authority

### **Links to Policy**

Local Preference Purchasing Policy  
Corporate Credit Card Use Policy  
Complaints Handling Policy  
Contract Management Policy  
Related Party Disclosure Policy  
Fraud Control Policy  
Gifts, Bribes and Benefits Policy  
Statement of Business Ethics

### **Links to Procedure**

Procurement Procedures

### **Links to Forms**

Tendering checklist

### **References**

Code of Conduct  
GHSC Risk Management Policy and Framework

### **Responsibility**

All Council Officers with the authority to purchase.

### **Document Author**

General Manager

### **Relevant Legislation**

Local Government Act 1993  
Local Government (General) Regulation 2005  
Work Health and Safety Act 2011  
Work Health and Safety Regulations 2011  
Government Information (Public Access) Act 2009

### **Associated Records**

Nil