Procurement Policy

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1. PURPOSE

This policy sets out Council's position on the acquisition of goods and services and carrying out of the procurement principles to ensure all Council officers adhere to sound contracting principles in the course of day to day operations to achieve value for money for Council.

2. SCOPE

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

3. POLICY STATEMENT

All Council purchases must be carried out in compliance with the *Local Government Act 2009* ("the Act") and the *Local Government Regulation 2012* ("the Regulation"). In particular, Chapter 6, Part 3 – Default contracting procedures of the Regulation apply.

Council's policy is to support local businesses and industries where practicable to support the viability of local businesses in all townships within the Mareeba Shire Council area.

3.1 PRINCIPLES

Council employees must have regard to the following contracting principles in all procurement activities:

3.1.1 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:

- contribution to the advancement of Council's priorities; and
- fitness for purpose, quality, services and support; and
- whole-of-life costs including costs of acquiring, using, maintaining and disposal; and
- internal administration costs; and
- technical compliance issues; and
- risk exposure; and
- the value of any associated environmental benefits; and
- the value of building or maintaining capacity in-house; and
- utilisation of existing inventory items/consumables held in stores/workshop.

3.1.2 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.

3.1.3 Development of Competitive Local Business and Industry

Council encourages the development of competitive local businesses and industry within the Mareeba Shire Council.

Local Business Preference

In accordance with section 104(3)(c) of the Act, Council wishes to pursue the principle and objectives of enhancing the capabilities of local business and industry as part of the process of making its purchasing decisions. For this purpose, local suppliers shall be allowed certain concessions in respect to contracted arrangements:

(i) **Price**
Prices offered by local suppliers shall be considered to be comparable with non-local suppliers where the local supplier's offered price is no more than 10% higher (up to the tolerance of $5,000) than the lowest priced offered. (E.g., the local supplier can be evaluated as price comparable when the local supplier price is less than or equal to the non-local supplier price, excluding GST + 10%, where the 10% margin is less than $5,000).

(ii) **Local Business Development**
In the evaluation of tenders or offers, Council may attribute a portion of the selection criteria to local business preference. The score weighting applied to the local business preference criteria shall be no more than a 10% weighting within the overall criteria (100%).

In order to apply the Local Business Preference component, employees must seek and evaluate tenders and offers from non-local suppliers. It is not intended that this preference be granted at officer discretion.

Subject to the local business preference principles above, where price, performance, quality, suitability and other evaluation criteria are comparable, the following areas may be considered in evaluating offers and tenders:

- creation of local employment opportunities
- more readily available servicing support
- more convenient communications for contract management
- economic growth within the local area
- benefit to Council of associated local commercial transaction.

3.1.4 Environmental Protection

Council promotes environmental protection through its purchasing procedures. In undertaking any purchasing activities Council will:

- Promote the purchase of environmentally friendly goods and services that satisfy value for money criteria; and

- Foster the development of products and processes of low environmental and climatic impact; and
- Provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- Encourage environmentally responsible activities; and
- Endeavour to reduce, recycle and reuse surplus and scrap materials.

3.1.5 Ethical Behaviour and Fair Dealing

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

All employees must:

- Perform the procurement task honestly and without favour or prejudice; and
- spend Council funds efficiently and effectively and in accordance with the law and Council policy; and
- deal fairly, impartially and consistently with suppliers and prospective suppliers; and
- keep confidential all sensitive information obtained as part of the procurement activity; and
- not have an actual conflict of interest in relation to the procurement activity; and
- not seek or accept any remuneration, gift or advantage.

The use of probity advisors or probity auditors shall be considered where the large-scale procurement arrangement is sensitive, highly complex, of public interest or likely to be challenged.

3.2 COMPLIANCE WITH MSC WORKPLACE HEALTH AND SAFETY PROCUREMENT PROCEDURES

If the Site is a 'workplace' for the purposes of the *Work Health and Safety Act 2011* (Qld) ("the WHS Act"), from the date of acceptance of the Tender Response of the Contractor by the Cuncil (by Letter of Acceptance) until completion of the work under the Contract:

- Council is deemed to have engaged the Contractor as the principal contractor for the purposes of section 293 of the ("the WHS Reg"); and
- the Contractor is deemed to have accepted the engaged in section 293(2) of the WHS Reg; and
- for the purposes of the execution and completion of the work under the Contract, the Contractor is responsible for performance of the functions of the principal contractor under the WHS Act and any regulations made under the WHS Act.

The engagement of the Contractor as the principal contractor under the WHS Reg continues for the period specified in the letter of appointment. Council may revoke the engagement of the Contractor as the principal contractor under the WHS Act by giving reasonable written notice to the Contractor at any time.

The Contractor must indemnify and keep indemnified Council against all liabilities which may be imposed under or which may arise out of enforcement of any provision of the WHS Act or any associated regulation.

If a work caused illness, work injury, serious bodily injury or dangerous event occurs of or incidental to the execution or completion of the work, the Contractor must promptly give written notice of the occurrence of the event to Council.

If the Site is a workplace and more than one contractor is engaged by Council to undertake work at the Site at the same time, sections 19.2 to 19.4 inclusive of the WHS Act apply.
To ensure compliance with:

- *Work Health and Safety Act 2011* (Qld)
- *Work Health and Safety Regulation 2011* (Qld)
- *AS/NZS ISO 31000:2018 Risk Management - Guidelines,*

Council employees involved in purchasing are to abide by Council's *Workplace Health and Safety Procurement procedures (Guideline – WP3.6.1 Purchasing* and *Supplier Control) and Contractor Management Procedure (WHS WP 3.7.1)*.

4. ASSESSMENT AND EXCEPTION PROTOCOLS

4.1 PURCHASING GUIDELINES

All purchases must be duly authorised by an officer with a financial delegation up to their authorised limit.

Purchase requisitions and orders must be raised in Council's electronic purchase order system. In cases where an identified need exists for purchases to be made outside of normal working hours or in cases of emergency, a Manual Purchase Order may be used. Please note that all purchases made as an emergency must be retrospectively reported to Council.

Employees must comply with Section 104 – Sound Contracting Principles under the Act, irrespective of the size of the procurement. Requisition and order splitting to reduce the value of one larger procurement transaction into a number of small transactions, is prohibited by this policy.

Employees shall aggregate procurement of like materials and services to the extent possible in order to obtain better value for money from suppliers. Procurement of items and services on a piecemeal basis is not accepted.

4.2 MINOR AND PETTY CASH PURCHASES UP TO $100 (EXCLUSIVE OF GST)

Purchases of minor amounts of goods and services to the value of $40 may be made from petty cash as an expense reimbursement. However, expense reimbursements of up to $100 may be made by petty cash where an emergency or immediate payment is required.

Petty cash reimbursements are to be made only when a petty cash voucher has been completed and duly supported by relevant documentation and approved by an authorised person other than the person making the claim.

Normal expenditure such as telephone/mobile phone reimbursement is to be made through an expense reimbursement claim to accounts payable and duly supported by relevant documentation. These types of transactions shall not be paid through Petty Cash.

Please refer to Council's *Petty Cash Procedure* for further information.

4.3 SUMMARY OF PROCUREMENT THRESHOLDS

Purchase of Goods and Services		
Exclusive of GST	**Inclusive of GST**	**Documentation required**
Less than $5,000	Less than $5,500	One (1) Verbal Quote
$5,000 to $15,000	$5,500 to $16,500	Two (2) Written Quotes
$15,000 to $200,000	$16,500 to $220,000	Three (3) Written Quotes
Greater than $200,000	Greater than $220,000	Sealed Tenders

4.4 PURCHASES UP TO $5,000 (EXCLUSIVE OF GST)

Purchases of goods and services to the value of $5,000 must be raised in Council's electronic purchase order system. There is no requirement for multiple quotes for purchases up to $5,000.

Low value items (purchases valued at less than $2,000) may be made by corporate credit card where purchases are irregular and where it is more cost effective to do so.

4.5 PURCHASES BETWEEN $5,000 AND UP TO $15,000 (EXCLUSIVE GST)

Goods and services acquired between the values of $5,000 and $15,000 (Ex GST) must be made through the Council's electronic purchase order system.

Goods or services to this value require a minimum of two (2) written (or emailed) quotes except where the acquisition was an emergency purchase or acquired from a sole-supplier or under a formal preferred supplier arrangement. Details of quotes are to be input into the purchase requisition and the quote must be attached to the requisition.

In cases of a genuine emergency or where a sole supplier exists a notation shall be included in the electronic purchase order system field.

Where a pre-qualifed supplier arrangement is being used, the contract number of the pre-qualified supplier arrangement shall be placed in the relevant field within Council’s electronic purchase order system

4.6 MEDIUM SIZED CONTRACTS - PURCHASES BETWEEN $15,000 AND $200,000 (EXCLUSIVE OF GST)

Section 225 of the Regulation states that a local government cannot enter into a medium-sized contract unless it first invites written quotes for the arrangement, and requires that:

- The invitation must be given to at least three (3) persons/entities who the local government considers can meet the requirements, at competitive prices.

The local government may decide not to accept any of the quotes received. If the local government does decide to accept a quote, it must accept the quote most advantageous to the organisation, having regard to the sound contracting principles in section 104.

Certain exceptions to the above requirements exist. See section 4.13 of this policy for further details.

Please refer to the Guideline for Calling Tenders and Administering Contracts for further information.

Records of offers received must be kept on file along with decisions made regarding sound contracting principles and input into the purchase requisition.

4.7 LARGE SIZED CONTRACTS - PURCHASES ABOVE $200,000 (EXCLUSIVE OF GST)

Section 226 of the Regulation states that a local government cannot enter into a large-sized contract unless it first invites written tenders in accordance with section 228.

Section 228(2) requires that Council invite written tenders under section 228(4) or invite expressions of interest under section 228(5) before considering whether to invite written tenders.

Please refer to Council's *Guidelines for Calling Tenders and Administering Contracts*.

4.8 LARGE SIZED CONTRACTS

4.8.1 - Invitations to Tender

Section 228(4) of the Regulation specifies the invitation must;

- be published on the local government's website for at least 21 days; and
- allow written tenders to be given to the local government while the invitation is published on the website.

Also, the local government must take all reasonable steps to publish the invitation for tenders or for expressions of interest in another way to notify the public about the tender process e.g. (relevant industry publication, eprocurement site or newspaper).

If Council changes its tender specifications, and the original 'Invitation to Tender' documentation allows Council to later invite all tenderers to change their tenders to take into account changes in tender specifications, Council may invite all tenderers to change their submissions before a decision is made.

Tenders are to be submitted to the Electronic Tender Box.

Records of tenders received must be kept on file, entered into Council's electronic records management system and provided to the authorising officer(s) for evaluation.

Council may decide not to accept any tenders it receives, however, if it does decide to accept a tender, it must be the most advantageous to Council having regard to the Sound Contracting Principles in Section 3 of this Policy document.

4.8.2 Expressions of Interest Invitations

Section 228(3)(a) and (b) of the Regulation, requires that where Council believes that it would be in the public interest to invite expressions of interest before seeking written tenders, this decision must be formally resolved and recorded in minutes.

The Expression of Interest invitation must;

- be published on the local government's website for at least 21 days; and
- allow written tenders to be given to the local government while the invitation is published on the website.

Also, the local government must take all reasonable steps to publish the invitation for tenders or for expressions of interest in another way to notify the public about the tender process e.g. (relevant industry publication, e procurement site or newspaper).

Under section 228(7), if Council invites Expressions of Interest, the local government may prepare a shortlist and invite written tenders from shortlisted parties.

4.8.3 Variations to Tender or Contract

Variation Procedures are as follows:

- Each variation can only be approved by the relevant officer up to their authorised financial delegation then by a Manager or Director with the appropriate financial delegation.
- A signed variation authorisation form is to be attached to the requisition
- Each variation requires an additional requisition to the original project purchase order stating the original purchase order number in the comments.
- A separate invoice is to be receipted.

4.8.4 Approved Variations

The below details Council's policy for a post acceptance variation, that is, a variation of a contract after acceptance (by Council or its delegate) of a relevant tender or quotation as distinct from a variation of Council specification (which forms part of an invitation to tender or quote) prior to acceptance.

(i) When considering any variation, the question is one of whether or not the variation, in substance, alters the nature of the contract (already entered into by Council) such that further or more favourable tenders or quotations (depending on whether the cost is more or less than $200,000) may have been received if the changed specification had been:

- Advertised - in the case of a tender; or
- Distributed - in the case of a quotation.

(ii) This question applies regardless of whether Council has made a contract for the carrying out of work, or the supply of goods or services, involving a cost of more or less than $200,000. In other words, the question applies regardless of whether Council entered into the contract after a tender or quotation process.

Subject to the constraints identified in paragraph (i) and (ii), so long as the cost of the variation to the original purchase order or contract amount is within budget and the financial delegation of the officer responsible for the approval of the variation, the officer is authorised to approve the variation subject to the following:

- for an original purchase order involving cost between $50,000 and $200,000, if the cumulative value of the variations exceeds 20% of the value of the original purchase order or $20,000 whichever is the lesser, that variation and all further variations must be authorised by a Manager or Director.

- for an original purchase order involving a cost of more than $200,000, if the cumulative value of variations exceeds 10% of the value of the original purchase order or $20,000,

whichever is the lesser, that variation and all further variations must be authorised by a Manager or Director.

4.9 ASSESSING PROCUREMENT VALUE

For procurement arrangements likely to exceed $150,000, employees shall perform a risk assessment to ascertain whether the entire contract value could exceed the minimum large-sized contracting threshold of $200,000 (exclusive of GST), before inviting written quotations.

Where it is *likely* that the value of the contractual arrangement *could* exceed $200,000, employees shall invite tenders or expressions of interest. Invitations to tender or submit expressions of interest shall be used for all Schedule of Rates/Bill of Quantities arrangements *likely* to exceed $200,000.

The ***entire contract value*** includes contracted sum, possible variations, possible project overruns, project contingencies, retainers and retentions.

Where, after written quotations have been received, it is clear that the arrangement value will exceed $200,000 (exclusive of GST), employees shall return to the market inviting formal tenders or expressions of interest. In this instance please refer to the Guidelines for Calling Tenders and Administering Contracts.

4.10 EXCEPTIONS TO REQUIREMENTS TO INVITE WRITTEN QUOTATIONS AND TENDERS

The following exceptions apply to medium-sized contracts (value between $15,000 - $200,000) and large-sized contracts (value over $200,000).

4.11 REGISTER OF PRE-QUALIFIED SUPPLIERS - SECTION 232 OF THE REGULATION

The organisation may enter into an arrangement without first inviting tenders or quotations if it is entered with a supplier from a register of pre-qualified suppliers only where a register of pre-qualified suppliers has been determined by Council resolution.

A register of pre-qualified suppliers of particular goods or services may be established only if:

- the preparation and evaluation of invitations each time the goods or services are needed would be costly; or
- the capability or financial capacity of the supplier of the goods or services is critical; or
- (the supply of the goods or services involves significant security considerations; or
- a precondition of an offer to contract for the goods or services is in compliance with particular standards or conditions decided by Council; or
- the ability of local business to supply the goods or services needs to be identified or developed.

A ***Pre-Qualified*** supplier is a supplier who has been assessed by the local government as having the technical, financial and managerial capability necessary to perform contracts on time and in accordance with agreed requirements.

4.12 PREFERRED SUPPLIER ARRANGEMENTS – SECTION 233 OF THE REGULATION

The organisation may enter into an arrangement without first inviting tenders or quotations only where a preferred supplier arrangement has been determined by Council resolution, where Council:

- Needs goods or services in large volumes on a frequent basis; and
- Is able to obtain better value for money by accumulating the demand for goods and services; and
- Is able to describe the goods and services in terms that are well understood in the relevant industry; and
- Tenders are invited for the preferred supplier arrangement describing the terms of the preferred supplier arrangement and are in accordance with section 4.8 or 4.9 above; and
- Applies the sound contracting principles in section 3 above; and
- Includes terms that allow the contract to be terminated for deficient performance; and
- Is entered into for a term for more than 2 years only if the Council is satisfied that the organisation will achieve better value by doing so.
- Other Exceptions – Section 235 of the Regulation

Section 235 of the Regulation specifies that Council can only enter a medium or large sized contract without first inviting quotes or tenders if:

- Council resolves that it is satisfied that there is only one supplier reasonably available to it; or
- Council 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
- a genuine emergency exists; or
- the contract to purchase goods is made at an 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.

Sole Supplier is defined as a supplier of goods or services that no other suppliers can provide or with the constraints of distance it not being viable for other suppliers to compete for the supply of goods or services. Employees are to comment on how they achieved the knowledge that a supplier is a sole supplier with references to communication and description why.

Emergent works considered as late notice of requirements to purchase but still require the full provisions of the purchasing policy. Emergent works that are urgent due to emergency events such as a disaster require an event to be declared by the state or federal governing bodies, otherwise a Director can declare the transactions as emergency and only for a short period after the event.

4.13 EXCEPTION FOR LGA ARRANGEMENT – SECTION 234 OF THE REGULATION

Under this provision, the organisation may enter into an arrangement without first inviting written quotes or tenders if the contract is an LGA arrangement.

An ***LGA arrangement*** is one that has been entered into by LGAQ Ltd or an associate entity which LGAQ Ltd is the only shareholder, such as *Local Buy* which is the Local Government Association of Queensland's procurement services company.

The term *Local Buy* does not mean Council's local business preference described in section 4.4 of this policy.

4.14 EXCEPTION FOR TENDER CONSIDERATION PLAN – SECTION 230 OF THE REGULATION

The Council may enter into a contract without first inviting written quotes or tenders if Council decides, by resolution, to prepare a quote or tender consideration plan and formally prepares and adopts the plan.

A ***quote or tender consideration plan*** is a document stating:

- the objectives of the plan; and
- how the objectives are to be achieved; and
- how the achievement of the objectives will be measured; and
- any alternative ways of achieving the objectives, and why the alternative ways were not adopted; and
- the proposed terms of the contract for the goods or services; and
- a risk analysis of the market from which the goods or services are to be obtained.

4.15 EXCEPTION FOR CONTRACTOR ON AN APPROVED CONTRACTOR LIST – SECTION 231 OF THE REGULATION

The exception to seek written quotations and tenders from Contractors is available if Council has an Approved Contractor list and adheres to the following requirements when making the Contractor list:

- inviting expressions of interest from suitably qualified persons, by an advertisement in a newspaper that circulates generally in the local government area; and
- allowing expressions of interest to be given to the local government for at least 21 days after the invitation is advertised; and
- choosing persons for the approved contractor list on the basis of the sound contracting principles.

4.16 ELECTRONIC TENDERING

Tender submissions are to be made electronically via the Electronic Tender Box.

4.17 AUSTRALIAN BUSINESS REGISTRATION NUMBER (ABN)

Council will only procure from suppliers who can provide an ABN. The only exception to this will be where a supplier is eligible to complete the Australian Taxation Office Statement by a Supplier form and provides the completed form to Council prior to making the supply or providing the service to Council.

This exemption may apply in the following circumstances:

- A supplier under 18 years of age and the payment does not exceed $120 a week
- A payment of less than $75 (excluding GST)
- A supply that is wholly input taxed
- A supplier who has provided a statement that the supply is done as a hobby of a domestic or private nature
- A supplier who does not expect to make a profit or gain
- A supplier who is not entitled to an ABN as they are not carrying on an enterprise in Australia
- A payment that is exempt income for the supplier.

4.18 PUBLISH DETAILS OF CONTRACTS WORTH $200,000 (EXCLUSIVE OF GST) OR MORE

Section 237 of the Regulation requires that as soon as practicable after entering the contract, a local government must publish relevant details on the Council's website and display relevant details conspicuously in the Council's public office.

The relevant details required to be published are:

- the person or entity with whom Council contracted; and
- the value of the contract; and
- the purpose of the contract

4.19 DISPOSAL OF LAND AND NON-CURRENT ASSETS

As per Section 227 of the Regulation, Council must not enter into a valuable non-current asset contract (disposal of a valuable non-current asset) unless it first invites written tenders for the contract under Section 228 or offers the non-current asset for sale by auction.

4.20 CORPORATE CREDIT CARDS

Please refer to Council's current Corporate Credit Card Policy.

4.21 DELEGATIONS

The Chief Executive Officer has the delegated authority to expend funds as provided for in the budget, taking into account all other limitations as set out in this policy. The Chief Executive Officer will establish the positions and authorised financial delegation limits assigned to each department.

The positions are authorised to contract on behalf of Council and/or approve purchase orders, for expenditure up to their financial delegation limits. By approving a purchase order, all employees are confirming that they have taken full notice of this policy and will comply with all of the requirements of this policy.

5. RESPONSIBILITIES

5.1 EMPLOYEES

All Council employees responsible for purchasing goods and services of any kind must comply with this policy. It is the responsibility of Council employees involved in the procurement process to understand the meaning and intent of this policy.

Council employees must undertake procurement activities in accordance with their delegation of authority. Failure to comply with the substance and intention of the Act or the Regulation may constitute a significant breach of Council's Code of Conduct and could carry significant consequences.

Employees are responsible for familiarising themselves with Council's policies, guidelines and procedures, as a failure to do so may be accepted as grounds for a breach. Some of these are included in Section 7 Related Documents.

A number of examples of procurement practices which Council has determined to be breaches of this policy are provided at Schedule 1.

5.2 PROCUREMENT TEAM

The Procurement Team has been established to contribute a monitoring and oversight role to the procurement activity. The responsibilities of this team include but are not limited to - training employees in the use of Council's electronic purchasing order system and relevant policies and procedures; reviewing purchase orderes for compliance with the Procurement Policy (and other relevant policies and guidelines); undertaking compliance checks and reporting findings to management.

Council has introduced a number of measures to monitor compliance with this policy and its associated guidelines. Monitoring will occur on an ongoing basis at an officer and department level to identify and track instances, patterns and recurrence of breaches, for training purposes and, where repeated, formal performance management. The Procurement Team will assume this responsibility.

5.3 MANAGEMENT/SUPERVISORS

Instances of breaches identified by the Procurement Team are to be reported to the employees' manager/supervisor as soon as is practicable. The manager/supervisor will negotiate a preferred method of handling the situation with the Procurement representative, which may initially involve further training to be conducted by the Procurement Team, however, repeated instances may lead to disciplinary action.

6. DEFINITIONS

Council – means the Mareeba Shire Council

Electronic Tender Box - Council's chosen online portal for receiving quotes and tender submission.

Large sized contracts - contracts of value above $200,000 exclusive of GST.

Local Supplier is a supplier that:

a) is beneficially owned by persons who are residents or ratepayers in the Mareeba Shire Council; or
b) has its principal place of business/registered office within the Mareeba Shire Council; or
c) otherwise has a place of business within the Mareeba Shire Council which solely or primarily employs persons who are residents or ratepayers of the Shire.

Medium sized contracts - contracts of value between $15,000 to $200,000 exclusive of GST.

Non-Local Supplier is a supplier that does not fit the definition of local supplier.

Procurement Team – is a group of Council employees established to contribute a monitoring and oversight role to the procurement activity.

Sound Contracting Principles (or SCPs) are:

1. Value for Money; and
2. Open and Effective Competition; and
3. The Development of Competitive Local Business and Industry; and
4. Environmental Protection; and
5. Ethical Behaviour and Fair Dealing

- The following definitions apply specifically for the purposes of section 3.2 of this policy

Contract – means a formal legally binding instrument between Council and a Contractor which details the terms which govern the performance of work

Contractor – means the entity who enters into a formal contract to perform work for Mareeba Shire Council

Principal contractor – holds the meaning assigned under section 293 of the the WHS Reg.

Site – means a workplace as defined under section 8 of the WHS Act

Tender Response – means a formal response submission by an interested party to a call for tenders

Workplace – holds the meaning assigned under section 8 of the WHS Act

7. RELATED DOCUMENTS AND REFERENCES

- *Advertising Spending Policy* (MSC)
- *AS/NZS ISO 31000:2018 Risk Management - Guidelines* (Standards Australia)
- *Employee Code of Conduct* (MSC)
- *Corporate Credit Card Policy* (MSC)
- *Entertainment and Hospitality Policy* (MSC)
- *Gifts and Benefits Register* (MSC)
- *Guidelines for Calling Tenders and Administering Contracts* (MSC)
- *Local Government Act 2009* (Qld)
- *Local Government Regulation 2012* (Qld)
- *Non-Current Asset Policy* (MSC)
- *Petty Cash procedure* (MSC)
- *Work Health and Safety procedure: WP3.6.1 Purchasing and Supplier Control)* (MSC)
- *Work Health and Safety procedure: 3.6.1 Purchasing & Suppliers Controls* (MSC)

8. REVIEW

It is the responsibility of the Director Corporate and Community Services to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed annually or as required by Council.

SCHEDULE 1 – EXAMPLES OF POLICY BREACHES

The following list represents examples of common procurement practices that constitute a breach of this policy. This list in not intended to be exhaustive and provides guidance only.

- **Inappropriate use of field orders** – When employees have access to computers but do not prepare requisitions on the system or choose to use field orders for convenience or need to use field orders due to poor planning on projects.
- **Requisition/Order splitting** – Where the total value of a procurement transaction is broken into smaller pieces ("split") to bring the value under a certain level to remain within an officer's delegation limit or fall into a less onerous procurement category.
- **Failure to utilise stock, consumables and standardised equipment acquired by Council** – In an attempt to achieve value for money and standardise equipment, Council aggregates common use items to the extent possible. Common use items may be acquired in bulk, such as stationery, for all employees to utilise on an as needed basis. Failure to use the items already procured by Council and acquiring similar items to suit individual preferences represents unnecessary, inappropriate expenditure (irrespective of whether a budget exists for such items) and does not represent a legitimate business need.
- **Inaccurate/inappropriate use of sole supplier provision** – The use of the term "sole supplier" to justify procurement where an officer feels that there is only one qualified supplier in the market is inaccurate and inappropriate and fails to abide by the sound contracting principles within this policy. Sole supplier status can usually only be demonstrated by assessing the market through request for quotations or tenders from various parties.
- **Inaccurate/inappropriate use of "local buy" arrangements** – Attributing the status of "local buy" to Council's local business preference and failing to obtain quotations or tenders on the basis that Council is required to spread its procurement amongst the suppliers within the MSC district. Failure to obtain the relevant numbers of quotes or seek tenders is in direct contravention of the Regulation and Council's policy. The only legitimate mechanism Council has to obtain services in a Local Buy arrangement is from the LGAQ Local Buy service.
- **Inappropriate use of "emergency" procurement provisions** – Failure to adequately plan or schedule projects and procurement needs resulting in the inability to undertake formal tendering and quotations due to time pressure does not constitute "emergency" procurement. Council must retrospectively approve all emergency procurement irrespective of the reason it was required.
- **Historical or informal contracting arrangements** – Ad hoc, informal or historical supplier arrangements that have developed over many years are a breach of this policy. All arrangements with suppliers must be contracted either through quotation or tender or satisfy the tests for exceptions detailed in the policy.
- **Unauthorised or implicit contract extensions** – Failure to track and renew contracts that have expired, whilst continuing to utilise the supplier's services. All contracting arrangements entered into by Council have expiry dates including preferred supplier and pre-qualified supplier arrangements. The expiry dates may be detailed within the contract or cease when a specific procurement activity or project is fulfilled.
- **Knowingly creating inaccurate purchase orders** – To generate a purchase order number simply to provide to a supplier and then amending/varying the purchase order at a later time to reflect the actual price on the invoice.
- **Procuring items without a purchase order** – Subsequently creating or directing the creation of a purchase order after the invoice has been received. This example does not apply to utilities invoices,

bank charges, loan payments, employee expense claims, which are legitimately processed without purchase orders.

- **Acceptance of low value gifts, E.g., promotional material, items of interest, giveaways, hospitality, loyalty bonuses, prizes, supplier events, free or discounted tickets** – Which could be perceived to engender favour or promote bias when inviting quotations or awarding contracts, irrespective of value, ***or*** when aggregated these items exceed the dollar thresholds for declaration in Council's Gifts and Benefits register.