

Procurement Policy		 Longreach Council Regional
Policy Number:	1.1	
Policy Category:	Financial	
Authorised by:	Res-2024-12-335	
Date approved:	12 December 2024	
Review Date:	12 December 2026	

PURPOSE

Council’s procurement activities are critical to its ability to deliver services and infrastructure to the community. This policy establishes a procurement framework that allows the efficient delivery of quality services while ensuring adherence to sound contracting principles and adequate internal controls.

SCOPE

This policy applies to entering into contracts for and the purchasing of all goods and services. This policy does not establish the framework for the sale of valuable non-current assets.

LEGISLATION AND RELATED DOCUMENTS

Local Government Act 2009

Local Government Regulation 2012

Credit Card Policy

Procurement Management Procedure

SOUND CONTRACTING PRINCIPLES

Sound contracting principles must be regarded when entering into a contract for the supply of goods or services.

The sound contracting principles are:

- 1) Value for money – ensure that all procurement and contracting activities represent the best return on money spent from a whole-of-life cost perspective.
- 2) Open and effective competition – ensure transparent processes and the promotion of effective competition between potential suppliers.
- 3) The development of competitive local business and industry – proactively support local business and industry to provide jobs in the Longreach Region. The locality of businesses will form a part of the evaluation criteria when awarding contracts except where there are no properly qualified local suppliers.
- 4) Environmental protection – ensure procurement and contracting activities conserve resources, save energy, minimize waste, allows the reuse of recovered materials, protect human health and maintain environmental quality and safety.
- 5) Ethical behavior and fair dealing – ensures equitable and fair outcomes, probity and transparency, and ensures Officers act with integrity and in the public interest.

STRATEGIC APPROACH TO PROCUREMENT

Procurement is a strategic function that works with operational and project teams to achieve sound contracting principles. By working together, from the development of budgets through to contract administration, Council will achieve better outcomes that will aid in its financial sustainability.

Procurement planning will be influenced by operational demands, industry and economic circumstances, annual budgets, asset management plans and long-term financial plans. Forward planning over several years can aid in entering into longer-term contracts for materials and services, providing better outcomes for Council.

Innovation is important to enhancing value for money outcomes for Council. Market led solutions can provide Council with a unique and innovative solution to a problem, address an opportunity or enhance the services that Council provides.

Where possible, Council will endeavor to procure from local and regional businesses and community groups to stimulate local economic activity and achieve better social outcomes for the Longreach Region.

The Procurement function will also create value by aiding operational and project teams in administering large value contracts and applying the Risk Management Framework to all procurement activities.

MANAGING CONFLICTS OF INTEREST

Council Officers participating in planning, procurement and contracting activities must comply with the requirements of Council's Code of Conduct. Officers must advise the Procurement Officer of all conflicts of interest related to any procurement or contracting activity.

CONTRACTING/PURCHASING DELEGATIONS

Council authorises the Chief Executive Officer to carry out purchasing and contracting to a value of up to \$6 million, and nominate delegated staff with authority to undertake procurement activities subject to:

- 1) The expenditure being provided for in the approved annual budget for the financial year, or
- 2) Council authorising the expenditure by resolution separate to the normal budget process, or
- 3) The Chief Executive Officer authorising the expenditure because of genuine emergency.

ESTABLISHED BUYING ARRANGEMENTS

Vendorpanel will be the preferred method of inviting quotes for procurement of goods and services when quotes are required.

Buying arrangements will be created through a register of Pre-Qualified Suppliers, Local Buy Arrangements and Preferred Supplier Arrangements. Establishing buying

arrangements will reduce the administrative efforts in procurement while adhering to the sound contracting principles.

Preferred Supplier Arrangements and Pre-Qualified Suppliers will be created through a tender process.

MINIMUM QUOTATION THRESHOLDS

	Amount (GST exclusive)	Default quotation requirements
Small	\$0-\$3,000	No quotes
	\$3,001 - \$15,000	Invite 2 quotes
Medium	\$15,001 - \$199,999	Invite 3 quotes
Large	\$200,000 +	Tender

The Vendorpanel request for quote reference will be noted in the purchase order within the purchasing system.

SMALL VALUE PURCHASING (up to and including \$15,000)

Authorised Council Officers may use Council credit cards for small value purchasing up to and including \$3,000. Any purchase made on a credit card will not require purchase orders to be raised. All card holders must follow Council’s Credit Card Policy when using cards for any payments.

For all other small value contracts more than \$3,000, Council Officers must invite quotes from at least two suppliers unless:

- 1) there is a Preferred Supplier Arrangement in place; or
- 2) a Pre-Qualified Supplier or Local Buy Arrangement is used; or
- 3) the Chief Executive Officer, Chief Financial Officer or a Director authorises another exception in writing under *Local Government Regulations 2012* Division 3.

The Vendorpanel reference or a note of the exception used will be added to the purchase order raised.

MEDIUM VALUE PURCHASING (\$15,001 - \$199,999)

For all medium value purchases, Council Officers must invite quotes from at least three suppliers unless:

- 1) there is a Preferred Supplier Arrangement in place; or
- 2) a Pre-Qualified Supplier or Local Buy Arrangement is used; or
- 3) the Chief Executive Officer, Chief Financial Officer or a Director authorises another exception in writing under *Local Government Regulations 2012* Division 3.

The Vendorpanel reference or a note of the exception used will be added to the purchase order raised.

LARGE VALUE PURCHASES (\$200,000+)

For all large value purchases, Council Officers must invite written tenders unless:

- 1) there is a Preferred Supplier Arrangement in place; or
- 2) a Pre-Qualified Supplier or Local Buy Arrangement is used; or
- 3) the Chief Executive Officer, Chief Financial Officer or a Director authorises another exception in writing under *Local Government Regulations 2012* Division 3.

The Vendorpanel reference or a note of the exception used will be added to the purchase order raised.

TENDERS

The Procurement Officer will manage all tenders for Council to assist operational and project teams in ensuring that sound contracting principles are adhered to. Tender procedures will be laid out in Management Policies.

PROBITY PLANS

Council will conduct its procurement activities in such a way that there can be no perception of bias, influence or lack of integrity. The objectives of probity are:

- 1) to ensure accountability, transparency and integrity, and preserve confidence in the process.
- 2) facilitate a value for money outcome.
- 3) minimize potential risks of conflicts of interest, fraud and corruption.

Council will achieve this by embedding the following into day-to-day practices:

- 1) Fairness and impartiality
 - a. Clear and unambiguous tender documentation.
 - b. Same access and timeframes afforded to prospective tenders.
 - c. Evaluation methodology and criteria weightings documented and decided upon before supplier are invited to submit orders.
 - d. Evaluation occurs against documented criteria and is objective.
- 2) Accountability and transparency of decisions and processes
 - a. Procurement plan that aligns to the nature, scope, scale, risk and value of procurement activity.
 - b. Multiple officers undertake evaluation process.
 - c. Accurate records are taken and kept.
 - d. Communication with suppliers is documented and negotiated agreements are recorded in writing.
- 3) Conflict of interest management
 - a. Obtain conflict of interest declarations from all personnel involved.
 - b. Ask suppliers to declare any conflicts of interest.
 - c. Maintain a conflict of interest register.
 - d. Manage conflicts of interest as they arise.

- 4) Managing probity relative to value and risk
 - a. Use a probity checklist for procurement activities.
 - b. As value and risk increases, consider the use of a probity advisor.

PURCHASE ORDERS

When raising a purchase order, Council Officers must ensure that they operate within their delegated limits. The following principles must be followed:

- 1) One purchase order must be raised for each contract. Issuing multiple purchase orders to remain under a delegated limit is not approved.
- 2) A variation of 10% in value between the purchase order and the invoice is acceptable.
- 3) Variations to a purchase order must not cause the total value of the purchase order to exceed a delegated limit. For example, if a purchase order was raised for \$199,999 and a variation to the purchase order causes the total to exceed \$199,999, then the variation must be approved by a Director.
- 4) A purchase order must be raised before engaging a supplier. The purchase order should be issued prior to the receipt of an invoice.
- 5) A requisition must be raised by an officer with an appropriate requisition authority and then approved by a secondary officer with authorising delegation.

PURCHASING WITHOUT A PURCHASE ORDER

Purchase orders will be raised for all purchases with the following exceptions:

- 1) When a credit card is used for purchases.
- 2) For utility bills, vehicle registrations, insurance excess payments, freight accounts, tax payments and other similar transactions.
- 3) For employee reimbursements.
- 4) To pay approved community donations.
- 5) For refunds to ratepayers and other debtors.
- 6) Other exceptional circumstances authorised by the Chief Executive Officer, Chief Financial Officer or Director.

Under these circumstances, the payment of the expense must be properly authorised by a manager with the appropriate level of delegation.

Authorised by resolution on 12 December 2024:



Brett Walsh
Chief Executive Officer