

# Procurement Policy

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## 1. POLICY STATEMENT

This policy establishes the procurement principles South Burnett Regional Council ('Council') will follow and applies to all procurement processes and activities undertaken by Council, including purchasing, ordering, quotations, tendering, contracting and disposals. The policy has been developed to enable Council to carry out all its procurement in accordance with the prescribed legislative framework, to meet all of its statutory obligations and to achieve the desired outcomes of the Corporate and Operational Plans.

To do so it will apply the sound contracting principles and practices. It will apply the ethics principles of integrity and impartiality, promoting the public good, commitment to the system of government and accountability and transparency. Lastly it will provide framework for the development and implementation of streamlined systems, practices and controls for efficient, effective and economic financial performance management.

## 2. SCOPE

Procurement is the framework, the rules, and procedures, by which a Council obtains an effective supply of the required goods and services. It seeks to align with the organisational strategy rather than just process orders and acquire goods and services.

To be effective, a good procurement function should provide to its organisation the following outcomes:

- Provide protection to the organisation and staff through the use of robust systems and procedures;
- Provide efficiencies of cost and process;
- Provide quality goods and reliable services;
- Support budget processes by enabling timely delivery of goods and services and reducing over supply errors;
- Allow improved communication and understanding between the organisation and its supplier base;
- Contribute to financial sustainability;
- Provide some controlled flexibility with regard to the organisations particular circumstances;
- Reduce the risk of conflicts of interest and unethical or illegal behaviours.

This policy applies to all Council officers involved in procurement activities; this includes employees, contractors and Councillors. The policy applies to all procurement processes and activities undertaken by Council, including purchasing, ordering, quotations, tendering, contracting and disposals. Prior to undertaking procurement, the Council officer should ensure that the goods or services required are not available from existing supply and contract arrangements.

Council officers are required to adequately test the local market for each procurement activity ensuring that local suppliers are provided a fair and reasonable opportunity to tender for Council business opportunities.

It is the responsibility of the Council officer involved in the procurement process to understand the meaning and intent of this policy.

### **3. POLICY OBJECTIVES**

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

- a) promoting value for money with probity and accountability; and
- b) ensuring procurement methodology provides "fit for purpose" goods and services and mitigates organisational risk; and
- c) advancing Council's economic, social and environmental policies; and
- d) providing reasonable opportunity for competitive local businesses that comply with relevant legislation to supply to Council; and
- e) promoting compliance with relevant legislation.

All Council purchases must be carried out in compliance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

In order to ensure the Council objectives are met, officers are required to:

- a) preserve Council's integrity in the procurement and/or purchasing process to ensure that Council acts and remains beyond reproach in all dealings;
- b) abide by Council's Code of Conduct and all other applicable policies, instructions and guidelines;
- c) adhere to the Sound Contracting Principles as stipulated under the *Local Government Act 2009* and the *Local Government Regulation 2012* (including *Section 198* and *Chapter 6* of the *Local Government Regulation 2012*).

### **4. BACKGROUND AND/OR PRINCIPLES**

#### **4.1. Procurement Principles**

Council officers must have regard to the following procurement principles in all purchasing activities. Council is committed to ensuring that its procurement is carried out in accordance with the relevant probity and accountability obligations in accordance with the prescribed legislative framework, and to meet all of its statutory procurement obligations.

The following procurement principles apply to all Council procurement activities prior to going to market:

- a) an appropriate scope and specification of the goods and services required is developed;
- b) the material risks involved for each procurement activity are identified; and
- c) the appropriate contract and procurement methodology is selected to the satisfaction of Council, ensuring Council obtains what it is seeking to procure and provides appropriate risk management and protections for Council with reference to the risks identified for the particular procurement activity.

Council seeks to engender strong competition at a local industry level for supply of goods and services. Whilst Council officers are encouraged to give consideration to, and provide a fair and reasonable opportunity for, local industry to tender for Council business, officers are

to ensure that the planning process and documentation (including the tender documents and specification) for the procurement is fit for purpose and maintains compliance within the legislative framework and appropriately manages the Council's material risks.

In particular, officers should balance the focus on locally sourced suppliers with Council's other objectives, including the non-price criteria identified below.

Council will:

- a) seek to achieve a minimum number of local industry invites to quote/tender being issued (where appropriate) in accordance with Purchasing Quotation Table 5.3.1
- b) ensure that the contractors it engages are capable of fulfilling their contractual obligations by assessing the scope, risks, and contract methodology for each procurement activity and still offer value for money;
- c) strengthen the non-price criteria by recognising the physical presence of a supplier within the local government area, as well as demonstrated and/or accompanying social and economic benefits that this provides to Council, such as:
  - creation of new and/or maintenance of existing local employment opportunities;
  - more responsive and readily available service support;
  - encouragement for the relocation of established businesses from outside the region to physically enter, establish and maintain a physical presence ongoing in, the region; and
  - provide credible feedback to encourage Local Suppliers to earn more Council business, supporting economic growth within the local area.

All Council officers must conduct their procurement activities with the utmost probity, propriety, transparency, defensibility and accountability. Council officers who perform procurement activities are responsible, and obligated to account for their procurement actions and are accountable to their superiors for their procurement decisions.

#### **4.2. Sound Contracting Principles Legislative Framework**

All purchasing is represented in a contractual arrangement of one form or another and is governed by contract and other laws and legislative frameworks. All purchasing must have regard to the five (5) Sound Contracting Principles detailed in *section 104(3)* of the *Local Government Act 2009*. These principles are:

1. Value for money; and
2. Open and effective competition; and
3. Development of competitive local business and industry; and
4. Environmental protection; and
5. Ethical behaviour and fair dealing.

While regard must be had to each principle, Council is not required to give equal consideration to each principle. The weight of regard may depend on the particular procurement.

##### **4.2.1. Value for Money**

Council must achieve the best return and performance for the money being spent. Council will 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 the consideration of:

- a) contribution to the advancement of council's priorities;
- b) fitness for purpose, quality, services and support in accordance with industry standards;
- c) whole-of-life costs including costs of acquiring, using, maintaining and disposal;
- d) protection of Council contract interests including warranties and statutory compliance with applicable and relative Acts and Regulations;
- e) technical compliance issues;
- f) risk exposure and mitigation;

g) the value of any associated environmental benefits.

#### **4.2.2. Open and Effective Competition**

The principle of open and effective competition considers the use of transparent, open and unbiased purchasing processes so that current and potential Council suppliers, contractors and the public have confidence in the outcomes of the purchasing process. This involves adequately testing the market to ensure all options and suppliers are considered equally.

Suppliers wishing to conduct business with Council will be given every opportunity to do so, subject to them satisfying Council's requirements and relevant evaluation criteria. This may include, but not be limited to, demonstrated technical ability, environmental impact, company profile, professional references, extent of local industry participation, quality assurance and whole of life cost.

#### **4.2.3. Development of Competitive Local Business and Industry**

Council encourages the development of competitive local businesses within the South Burnett Regional Council area. Where price, performance, quality, suitability, service and other evaluation criteria are comparable, the following areas should be considered in evaluating offers:

- a) retention of existing and creation of new local employment opportunities;
- b) more readily available servicing support;
- c) more convenient communications for contract management;
- d) economic growth within the South Burnett Regional Council area.

#### **4.2.4. Environmental Protection**

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

- a) promote the purchase of environmentally friendly goods and services that satisfy value for money criteria; and
- b) foster the development of products and processes of low environmental and climatic impact; and
- c) provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- d) encourage environmentally responsible activities.

#### **4.2.5. Ethical Behaviour and Fair Dealing**

Council officers involved in purchasing are to behave with impartiality, fairness, openness, transparency, integrity and professionalism in their discussions and negotiations with suppliers and their representatives. Any Council officer will immediately disclose any activity which constitutes or may constitute a conflict of interest which may be likely to compromise the ability of the supplier to perform their legal obligations under the supply agreement.

Council has established an environment in which ethical conduct is expected, encouraged and supported with no tolerance for corrupt conduct, fraudulent activities or maladministration. Risk management principles and matching fraud and corruption prevention measures are applied across all areas to protect the Council (Fraud and Corruption Prevention Management Policy).

#### **4.3. Workplace Health and Safety**

Council is committed to providing a safe and healthy work environment for its employees, contractors, volunteers, labour hire employees performing work on behalf of Council and visitors to Council premises and worksites in accordance with the Workplace Health and Safety Policy.

All Council officers are expected to adhere to the following key outcomes in relation to procurement activities:

- a) establishing and maintaining a corporate system to ensure compliance of all contractors and suppliers align with the workplace health and safety legislative requirements, Australian standards and/or procedures;
- b) ensuring all contractors and/or suppliers provide documentary evidence that they or the product they supply complies with relevant legislation, codes of practice and/or Australian Standards;
- c) ensuring all foreseeable health and safety risks associated with potential procurements are identified;
- d) ensuring specifications comply with the relevant legislation; and
- e) ensuring Council's operational obligations with regards to workplace health and safety contract performance monitoring and management are actioned under the contract.

#### **4.4. Conflicts of Interest**

A conflict of interest is any activity that would create a conflict between personal interests and the interests of Council. Council officers engaged to any extent of the procurement function must be free of interests and/or relationships that are, actually or potentially, adverse or detrimental to the interests of Council.

It is essential that any conflict of interest whether actual, perceived or potential is addressed at the earliest stages of a procurement activity.

Council officers participating in procurement and contracting activities must comply with the requirements of the Council's Employee Code of Conduct Policy, Employee Conflict of Interest Policy, Fraud and Corruption Prevention Management Policy, and the Gifts and Benefits Policy

#### **4.5. Pre-Qualified Supplier Register**

To facilitate the purchasing process in compliance with the procurement principles, Council has established a Pre-Qualified Supplier Register and Category Panel arrangements. The register is a list of suppliers who have been assessed by Council as having the technical, financial and managerial capability necessary to deliver identified services on time and in accordance with agreed standards and requirements. The Pre-Qualified Supplier Register is subject to the Tender Consideration Plan, adopted by Council by resolution under *Section 230* of the *Local Government Regulation 2012*. The Tender Consideration Plan allows Council the flexibility to review the Pre-Qualified Supplier Register and the ability to better manage its Panel Arrangements for the supply of goods and services.

Council has established the following categories of supply as Pre-Qualified Supplier Registers. The registers will be refreshed at the same time each year allowing new suppliers to apply and existing suppliers to update pricing and service offerings.

- Dry Hire (September)
- Wet Hire (September)
- Road Making & Quarry Materials (September)
- Civil Works (April)
- Trade Services (April)
- Electrical Works (April)
- Pest Management (April)

In establishing a register of pre-qualified suppliers, Council recognises that:

- It must determine that the preparation and evaluation of submissions would be costly and time consuming if it invited submissions every time the goods and/or services were required; or
- It is critical to a successful outcome that the experience and financial viability of a supplier or contractor be assessed according to the requirements of the local government once only; or
- There are specific pre-conditions to the offer to supply goods and/or services; or
- There is a need or desire to develop the specific capabilities of the businesses within the local region; or

- The supplier of goods or services require considerable security considerations; or
- It will still ensure value for money by testing the market through quotations.

#### **4.6. Panel Arrangements (Established Arrangement)**

All registers of Pre-Qualified Suppliers are established as standing offer arrangements for a period of two (2) years, with an option of a further two (2) years and one (1) year extension to be exercised at Council's absolute discretion, including annual reviews.

A standing offer arrangement is an agreement subject to specified terms and conditions whereby the purchaser may agree to purchase specific services from the vendor for a specified period on an "as and when" required basis. Suppliers are not guaranteed any work or business from Council.

### **5. GENERAL INFORMATION**

#### **5.1. Delegations**

##### **5.1.1. Delegations – Council Employees**

The Financial Delegation Register for Council employees is held within the Social and Corporate Performance Branch. A copy of the Financial Delegations can be found on Council's Intranet.

##### **5.1.2. Delegation Reserved for Council**

Contracts that are \$200,000 and above exclusive of GST that progressed through public tender must be approved by Council. Contracts that are exempt from public tender shall be approved based on Council's Financial Delegation Register.

##### **5.1.3. Delegation to the Chief Executive Officer**

Pursuant to *Section 257(1)(b) of the Local Government Act 2009*, the Council resolves to delegate to the Chief Executive Officer the power to make, amend or discharge a contract in accordance with *Section 238(2) of the Local Government Regulation 2012* for:

- any contractual arrangement with a person (in respect of one contractual arrangement or cumulatively for all contractual arrangements) that is, or is expected to be, worth \$200,000 (exclusive of GST) or more in a financial year with that person; or
- any contractual arrangement with a person that is, or is expected to be, worth \$200,000 (exclusive of GST) or more over the proposed term of the contractual arrangement.

#### **5.2. Purchasing Thresholds**

Procurement can only be undertaken by authorised employees as detailed in the financial delegation register. For low value and easy to secure purchases, consideration of total cost of ownership and associated risks will determine the appropriate market approach.

##### **5.2.1. Medium-Sized Contractual Arrangement**

A contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$15,000 or more but less than \$200,000 in a financial year, or over the proposed term of the contractual arrangement.

##### **5.2.2. Large-Sized Contractual Arrangement**

A contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$200,000 or more in a financial year, or over the proposed term of the contractual arrangement

#### **5.3. Local Preference**

Council officers are encouraged to give consideration to, and provide a fair and reasonable opportunity for, Local Suppliers to tender for Council business opportunities. Officers are to ensure that the planning process and documentation (including tender documents and

specification) for each procurement is fit for purpose and does not seek to disadvantage Local Suppliers.

Council officers must invite the minimum Local Supplier quotations (where appropriate) in accordance with Purchasing Quotation Table 5.3.1 below. Where the minimum quotations cannot be achieved (including for availability, capability, experience or otherwise) this should be documented in accordance with Council’s procurement exception form.

Quotes and offers will be assessed having regard to the five (5) Sound Contracting Principles (to be considered in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*), the relevant Council officer will make a decision to purchase from a supplier or provider based on the Council’s documented supplier evaluation criteria and a systematic weighting will be applied to all quotes or offers received. This will be assessed on a case by case basis and the weighting will be expressed as a percentage which reflects the relative importance of each criterion for the relevant Procurement. Where a Local Supplier has been unsuccessful, Council officers are to provide feedback to the supplier upon request to engender strong competition at a local industry level.

Council may make a documented decision to purchase from a Local Supplier offering a higher price margin, using the following guideline for acceptable price variances if the total value for money assessment is within the approved project budget:

- 10% for goods and services under \$50,000; or
- 5% for goods and services over \$50,000 up to \$200,000.

Therefore, in this policy statement, a “local supplier” is a supplier that:

- is beneficially owned and operated by persons who are residents of the local government area of council and pay rates; or
- is a registered business or individual that has a principle place of business within the local government area of council; or
- has a place of business within the local government area of council which solely or primarily employs persons who are residents or ratepayers of the local government area of council.

### 5.3.1. Purchasing Quotation Table

Established Arrangements				Non-Established Arrangements			
\$ Value (excluding GST)	Minimum Quotation Requirement	Procurement Method	Award/Contract Method	\$ Value (excluding GST)	Minimum Quotation Requirement	Procurement Method	Award/Contract Method
From \$0.00 to \$2,000	No quote required and seek to source locally (where available)	<ul style="list-style-type: none"> <li>• Verbal</li> <li>• Written</li> </ul>	Corporate Card/Purchase Order	From \$0.00 to \$2,000	No quote required and seek to source locally (where available)	<ul style="list-style-type: none"> <li>• Verbal</li> <li>• Written</li> </ul>	Corporate Card/Purchase Order
From \$2,001 to \$5,000	Minimum 1 written quote (Minimum quotes to include Local Suppliers available when using SBRC Arrangements)	Request for Quote. (10 days) <ul style="list-style-type: none"> <li>• Felix Marketplace</li> <li>• Vendor Panel</li> </ul>	Purchase Order	From \$2,001 to \$14,999	Minimum 2 written quotes (Minimum quotes to include Local Suppliers where available)	Request for Quote. (10 days) <ul style="list-style-type: none"> <li>• Felix Marketplace</li> <li>• Website</li> <li>• LG Tenderbox</li> </ul>	Purchase Order
From \$5,001 to \$14,999	Minimum 2 written quotes (Minimum quotes to include Local Suppliers available when using SBRC Arrangements)	Request for Quote. (10 days) <ul style="list-style-type: none"> <li>• Felix Marketplace</li> <li>• Vendor Panel</li> </ul>	Purchase Order				

Established Arrangements				Non-Established Arrangements			
From \$15,000 to \$199,999	<b>(Medium Size Contract)</b> Minimum 3 written quotes (Minimum quotes to include Local Suppliers available when using SBRC Arrangements)	Request for Quote. (21 days) <ul style="list-style-type: none"> <li>Felix Marketplace</li> <li>Vendor Panel</li> </ul>	Purchase order	From \$15,000 to \$199,999	<b>(Medium Size Contract)</b> Minimum 3 written quotes required. (Minimum quotes to include Local Suppliers where available)	Request for Quote. (21 days) <ul style="list-style-type: none"> <li>Felix Marketplace</li> <li>Website</li> <li>LG Tenderbox</li> </ul>	Purchase Order and/or Public Tender at Council's discretion
Over \$200,000	<b>(Large Size Contract)</b> Minimum 3 written quotes. (Minimum quotes to be include Local Suppliers available when using SBRC Arrangements) and signed off by the CEO	Request for Quote. (21 days) <ul style="list-style-type: none"> <li>Felix Marketplace</li> <li>Vendor Panel</li> </ul>	Purchase Order	Over \$200,000	<b>(Large Size Contract)</b> Public Tender Subject to a minimum 21 Days Public Open Period	Public Tender (21 days) <ul style="list-style-type: none"> <li>Website</li> <li>LG Tenderbox</li> </ul>	Public Tender to be awarded by Council

*\*Established Arrangement - being Local Buy Contracts, State Government Contracts, and existing SBRC Administered (Contract) Prequalified, Preferred Contractor or approved Contractor Lists. This section is subject to the Local Government Regulation 2012 Division 3 – Exceptions*

### 5.3.2. Purchases \$200,000 and Above

Section 228 of the Local Government Regulation 2012 requires that Council invite tenders before making a contract for the carrying out of work, or the supply of goods and/or services involving a cost that is, or expected to be, \$200,000 (exclusive of GST) or more in a financial year or over the proposed term of the contractual arrangement.

The invitation must be made by an advertisement in newspapers circulating generally in Council's local government area (LGA) and allow at least 21 days from the day of the advertisement for the submission of tenders.

Details of all contracts of \$200,000 and over must be provided to relevant Finance Staff for inclusion to the Contracts Register.

Records of tenders received must be kept on file for the period of time outlined in the Retention and Disposal Schedules for Local Government as published by the Queensland State Archives.

### 5.4. Exceptions

Council officers responsible for purchasing goods and/or services are required to adhere to the purchasing thresholds and quotation requirements set out in table 5.3.1 for all Procurement processes subject to the following exceptions outlined in this section 5.4.

The following categories of supply are also exempt from Council's purchasing thresholds in table 5.3.1:

- Accommodation;
- Travel / Flights; and
- Conference Bookings.

#### 5.4.1. Legislative Exceptions

Division 3 under Chapter 6 of the Local Government Regulation 2012 specifies when Council is exempt from the requirement to seek written tenders or quotations:

**s230** – Exception if quote or tender consideration plan prepared

Council may enter in to a medium-sized contractual arrangement or large-sized contractual arrangement without first inviting written quotes or tenders if the Council:

- decides by resolution to prepare a quote or tender consideration plan; and
- prepares and adopts the plan.



**s231 – Exception for contractor on approved contractor list**

Council may enter in to the contract without first inviting written quotes or tenders if the contract is made with a person who is on an approved contractor list (for the Council, this means the Pre-Qualified Supplier Register).

**s232 – Exception for a register of pre-qualified suppliers**

Council may enter in to a contract without first inviting written quotes or tenders if the contract is entered in to with a supplier from a register of pre-qualified suppliers that is made in compliance with the following sub-sections:

- a) the preparation and evaluation of invitations every time the goods or services are needed would be costly; or
- b) the capability or financial capacity of the supplier of the goods or services is critical; or
- c) the supply of the goods or services involves significant security considerations; or
- d) a precondition of an offer to contract for the goods or services is compliance with particular standards or conditions; or
- e) the ability of local business to supply the goods or services needs to be discovered or developed.

The Council has developed the Pre-Qualified Supplier Register for this purpose.

**s233 – Exception for a preferred supplier arrangement**

Council may enter in to a contract without first inviting written quotes or tenders if the contract is entered in to with a preferred supplier under the preferred supplier arrangement. This section applies for contractual arrangements for goods or services if Council:

- a) needs the goods or services either in large volumes or frequently; and
- b) is able to obtain better value for money by accumulating the demand for the goods or services; and
- c) is able to describe the goods or services in terms that would be well understood in the relevant industry.

**s234 – Exception for LGA arrangement**

Council may enter in to a contract for goods and services without first inviting written quotes or tenders if the contract is entered in to under the LGA arrangement. An LGA arrangement is an arrangement that has been entered in to by

- a) Local Government Association Queensland Limited (LGAQ); or
- b) a company registered under the *Corporations Act 2001*, if LGAQ is its only shareholder.

**s235 – Other exceptions**

Council may enter in to a contractual arrangement without first inviting written quotes or tenders if:

- a) Council resolves it is satisfied that there is only one (1) supplier who is reasonably available; or
- b) Council resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for the Council 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.

When assessing the most effective method of obtaining goods and/or services, Council officers should consider the administrative and price costs to Council of seeking tenders or quotations independently, and the reduction of these costs which can be achieved by the use of the Pre-Qualified Supplier Register Panels or Local Buy arrangements.

## **s236 – Exception for valuable non-current asset contracts**

In accordance with the *Local Government Regulation 2012*, the apparent value threshold for non-current assets other than real estate set by Council shall be \$5,000 (excluding GST). The *Local Government Regulation 2012* provides that Council cannot enter into a valuable non-current asset contract unless it invites written tenders for the contract, or offers the non-current asset for sale by auction. There are exceptions in section 236 of the *Local Government Regulation 2012* that may apply.

Additional Council guidelines for the disposal of valuable non-current assets is outlined in the Disposal of Assets Policy.

The authorised process for the disposal of valuable non-current assets of Council's interests in real property can be found in the Disposal of Council Real Estate Policy.

### **5.4.2. Procurement Exception Form**

In the event that a Procurement process requires the application of an exception under the *Local Government Regulation 2012* and/or from this Procurement Policy, a Procurement Exception Form must be submitted and approved by the department Manager with appropriate financial delegation. A reason why a procurement process requires the exception must be documented and recorded. Such reasons could include:

- purchase exceeding delegation limit;
- purchase exceeding thresholds with insufficient quotes;
- supplier used outside of council contract;
- scope of work exceeded 10% more than the original estimate;
- *Chapter 6, Part 3, Section 235* of the *Local Government Regulation 2012*, including:
  - a genuine emergency exists
  - contract is made with, or under an arrangement with, a government agency.

The Exception Form must be submitted and approved by the Chief Executive Officer for:

- purchases exceeding \$200,000 without inviting tenders.  
(*Chapter 6, Part 5, Section 238* of the *Local Government Regulation 2012* – Entering in to a contract under a delegation)

## **5.5. Local Buy**

Local Buy is the LGAQ contracts and tenders service company. Established in 2001, Local Buy facilitates business relationships with local government and their suppliers. Local Buy's core business is the creation of contractual arrangements for goods and services that can be used by Queensland Councils, aggregating the demand for these goods and services to achieve better pricing and conditions, and eliminating the need for Councils to establish their own supply contracts.

## **5.6. Payment Terms**

The following outlines the various methods that can be used to effect payment when procuring Council's requirements.

### **5.6.1. Corporate Credit Card**

Council encourages the use of its Corporate Credit Cards for the following reasons:

- simplified purchasing and payment procedures;
- improved payment performance to suppliers;
- provision of support to Local Suppliers;
- more effective cash management; or
- enhanced service delivery to customers.

### **5.6.2. Purchasing and Orders**

The term “purchasing” refers to the process of ordering and receiving goods and services, and does not generally drive policy decisions or developing Procurement strategy.

Purchase order forms are not required for the following purchases, but relevant authorisations are required on the invoice documentation:

- |                                       |                                     |
|---------------------------------------|-------------------------------------|
| 1. Australia Post                     | 7. Investments                      |
| 2. Acts and Regulations               | 8. Subscriptions                    |
| 3. Local Authorities                  | 9. Freight                          |
| 4. Telephone / Communication Accounts | 10. Conference Registrations        |
| 5. Utilities (Electricity etc)        | 11. Items purchased from Petty Cash |
| 6. Queensland Treasury Corporation    |                                     |

A purchase order must be created and issued to the supplier for all purchases that are not procured via the corporate credit card or listed above.

All Council officers must complete the required areas on the purchase requisition to justify the requirement. Any additional documents which will further detail and support the request are to be attached. Upon completion of the Purchase Requisition and within the purchasing officers’ financial delegation will a Purchase Order be issued to a supplier.

All invoices for payment are to be emailed direct to [accounts@southburnett.qld.gov.au](mailto:accounts@southburnett.qld.gov.au)

Invoicing Requirements:

- Suppliers Identity
- Australian Business Number (ABN)
- Description of Goods or Services Supplied, Quantity and Price
- Total GST Amount
- Date of Issue
- Purchase Order Number

Council’s payment terms are 30 days from end of month and it is preferable that a monthly statement be provided to ensure accurate reconciliation of outstanding invoices.

### **5.6.3. Variations**

From time to time, a contract will require a variation. Approval to vary a purchase order can only be given by the financial delegate who originally approved the expenditure of the funds covered by the order. If the revised total value of the purchase order over the proposed term of the contract exceeds or cumulatively exceeds the financial delegation of the original financial delegate, then the variation must be approved by an officer with sufficient delegation. That financial delegate must also have direct control of the funds being expended.

A Contract and Purchase Order Variation Form must be completed for variations which exceed 10% of the original purchase value and be approved by the relevant department Manager with appropriate financial delegation.

The Council may seek to have appropriate contractual rights to direct a supplier in writing to amend, increase, decrease, omit or change the quality, timing character or method of performing the supply or to execute additional work. It is important that contract documentation seeks to provide for this and other appropriate rights (e.g. to engage other contractors to performed omitted or deducted work) to reduce the risk of a variation directed by the Council invalidating the contract. This should be considered as part of the Procurement process and advice obtained accordingly.

### **5.7. Termination of Contracts**

All contracts entered in to by Council should aim to contain a provision entitling Council to:

- a) Terminate for convenience; and

- b) Terminate for a breach or non-performance

Council must follow the procedures specified in the contract to terminate that contract and obtain advice before exercising such rights.

## 5.8. Local Government Elections

Legislation places limits during the caretaker period before quadrennial local government elections on publishing election material and making major policy decisions. This ensures that there are no significant policy decisions made near the end of a council term that binds future elected councils.

During the caretaker period, councillors are prohibited from making major policy decisions, including in relation to procurement activities such as:

- entering in to a contract greater than \$200,000 or 1% (whichever is greater) of the local government's net rate and utility charges (as stated in the local government's audited financial statements included in the local government's most recently adopted annual report);
- significant procurement activities, such as establishing preferred supplier arrangements, or establishing exceptions to obtaining quotes or tenders when entering into a contract.

Council will prepare for the caretaker period by planning to make major policy decisions before or after the election period. However, unforeseeable events can result in a local government having to make major policy decisions during the caretaker period. In accordance with the *Local Government Act 2009* and advice from the Department of Local Government, Racing and Multicultural Affairs, if there are exceptional circumstances, then local governments can apply to the Minister for approval if:

- the need for the decision was unforeseeable;
- the decision is essential to the functioning of the local government;
- the decision cannot wait until the end of the caretaker period; and
- the decision is in the public interest.

## 6. DEFINITIONS

**Council** means South Burnett Regional Council.

**Council officer** means Persons involved in procurement activities including employees, Councillors and contractors

**Financial Delegation Register** means the Register of employees who have approved delegation for the purpose of purchasing goods and/or services.

**LGA Arrangement** means the use of Local Buy or State Government Purchasing Arrangements.

**Local Supplier** means a supplier that:

- is beneficially owned and operated by persons who are residents of the local government area of Council and pay rates; or
- is a registered business or individual that has a principle place of business within the local government area of Council; or otherwise
- has a place of business within the local government area of council which solely or primarily employs persons who are residents or ratepayers of the local government area of Council.

**Procurement** means the entire process by which all classes of resources (human, material, facilities and services) are obtained. This can include the functions of planning, design, standards determination, specification writing, and selection of suppliers, financing, contract administration, disposals and other related functions.

**Purchasing** means the acquisition process for goods, services and capital projects through purchasing, leasing and licensing and this expression extends to standing offer or similar arrangements by which terms and conditions of purchase are determined.

**Pre-Qualified Supplier** means a supplier who has been assessed by Council as having the technical, financial and managerial capacity necessary to deliver goods and/or services on time and in accordance with agreed requirements. The process is fulfilled by initially inviting tenders to establish pre-qualified suppliers.

**Supplier** means an enterprise known to be capable of supplying required goods and/or services. It includes manufacturers, stockists, resellers, merchants, distributors, consultants and contractors.

## 7. LEGISLATIVE REFERENCE

Local Government Act 2009  
Local Government Regulation 2012  
Corporations Act 2001

## 8. RELATED POLICIES/PROCEDURES

Corporate Card Policy  
Corporate Card Procedure  
Disposal of Assets Policy  
Disposal of Council Real Estate Policy  
Employee Code of Conduct Policy  
Employee Conflict of Interest Policy  
Fraud and Corruption Prevention Management Policy  
Gifts and Benefits Policy  
Workplace Health and Safety Policy

## 9. NEXT REVIEW

June 2021

## 10. VERSION CONTROL

Version	Revision Description	Approval Date
1	Development of Policy	August 2018
2	Review of Policy	20 February 2019
3	Review of Policy	11 December 2019
4	Review of Policy	17 June 2020

  
Mark Pitt PSM  
CHIEF EXECUTIVE OFFICER

Date: 17-06-2020