



Procurement Policy

Number:	Stat.PO9
Responsible Manager:	Executive Manager Finance
Head Policy:	N/A
Legislation:	Local Government Act 2009 Local Government Regulation 2012

1. Purpose of the Policy

- 1.1 This document sets out the Kowanyama Aboriginal Shire Council (KASC) policy for the procurement of goods and services. This policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts (including maintenance).
- 1.2 All KASC procurement of goods and services must be carried out in compliance with the *Local Government Act 2009* (the "Act") and the *Local Government Regulation 2012* (the "Regulation").

2. Application of this Policy

All Council officers must comply with this policy

3. Definitions

Medium-sized contract - is 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

Large sized contract - s 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.

Local supplier - a supplier which:

- (i) is beneficially owned by persons who are residents in the local government area of Kowanyama Aboriginal Shire Council, Cape York or Cairns or

- (ii) has its principle place of business within the local government area of Kowanyama Aboriginal Shire Council, Cape York or Cairns or
- (iii) otherwise has a place of business within the local government area of Kowanyama Aboriginal Shire Council, Cape York or Cairns, which solely or primarily employs persons who are residents or ratepayers of the local government area, Cape York or Cairns.

Non-local supplier - is a supplier which is not a local supplier.

Purchase Order – the official order to the supplier

Requisition – an internal request for a purchase

4. Procurement Principles

Council staff members must have regard to the following procurement principles in all purchasing activities:

(a) Value for money

Council must harness its purchasing power to achieve the best value for money. The objective of obtaining value for money is that the goods, equipment or services being procured represent the best return and performance for the money spent. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration of:

- (i) contribution to the advancement of Council's priorities; and
- (ii) fitness for purpose, quality, services and support; and
- (iii) whole-of-life costs including costs of acquiring, using, maintaining and disposal; and
- (iv) internal administration costs; and
- (v) technical compliance issues; and
- (vi) risk exposure; and,
- (vii) the value of any associated environmental benefits.

(b) Open and effective competition

Purchasing should be open and result in effective competition in the provision of goods and services. Council must give fair and equitable consideration to all prospective suppliers.

(c) The development of competitive local business and industry

Council encourages the development of competitive local businesses within its local government area.

In accordance with section 104(3) (c) of the Act, Council wishes to pursue the principle of the development of competitive local business and industry as part of the process of making its purchasing decisions. For this purpose Council may accept a tender or offer from a local supplier in preference to a comparable tender or offer from a non-local supplier even if the tender or offer from the non-local supplier has been assessed as more favourable in terms of one or more of the assessment criteria applied (including but not limited to price), so long as the overall differences are not substantial, and so long as it is clear that the selected local supplier can meet Council's requirements at an acceptably high standard which is generally comparable to that of other offers.

(d) Environmental protection

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

- (i) promote the purchase of environmentally friendly goods and services that satisfy value for money criteria; and
- (ii) foster the development of products and processes of low environmental and climatic impact; and
- (iii) provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- (iv) encourage environmentally responsible activities
- (v) Use local products and services where possible

(e) Ethical behaviour and fair dealing

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

5. Purchase Orders

Purchase Orders must be generated for all purchases of goods and services other than:

- a) Qld Transport Registrations, Travel Allowances EFTs
- b) Long term supply arrangements (Electricity, Telstra, Australia Post)
- c) Petty cash, fuel card, and corporate credit card transactions
- d) Rent

- e) Licences
- f) Insurance
- g) Other purchases where the CEO and/or Executive Manager Finance has determined an official order is not required.

Purchase Orders must be generated and approved (as per this policy) prior to the supplier being engaged.

Requests for retrospective Purchase Orders (i.e., Purchase Orders issued after supply) may result in disciplinary action.

6. Fuel Cards

Fuel Cards can only be used for Council vehicles in accordance with the KASC Vehicle Usage Policy. All associated dockets must be forwarded to Accounts Payable for reconciliation with monthly statements. If dockets are not returned for reconciliation with monthly statements the card holder may be personally responsible for this expense.

7. Cabcharge

- 7.1 Cabcharge Vouchers are for Council business purposes only and authority is given to the Payroll Officer to deduct for unauthorised travel, lost or unreturned vouchers. All vouchers must be kept in a secure location and reconciled monthly by the responsible officers. All voucher issues must be signed for by the recipient.
- 7.2 The Cabcharge register must be kept updated at all times.
- 7.3 All Cabcharge receipts and unused cab charge vouchers must be returned to the issuing officer. Unused Cabcharge vouchers must not be used for personal travel.
- 7.4 Under no circumstances are Cabcharge Vouchers to be given to any other person. These vouchers are assigned to the person signing the form for official travel only.

8. Corporate Credit Card

- 8.1. A Council credit card is only allowable to the Chief Executive Officer, Executive Manager Governance and Operations, Executive Manager Community Services, Executive Manager Finance, Executive Manager Human Resources and Executive Manager Infrastructure Works and Projects.
- 8.2. The Chief Executive Officer, Executive Manager Governance and Operations, Executive Manager Community Services, Executive Manager Finance, Executive Manager Human Resources and Executive Manager Infrastructure Works and Projects must be provided training and guidelines on the appropriate use of the credit card, record keeping and credit limits, prior to being issued a credit card. The training is to be provided by the Governance and Operations department.

- 8.3. The credit cards must be stored securely by the holders must not be provided to any other employee unless in exceptional circumstances as approved by the Chief Executive Officer.
- 8.4. Credit card expenditure is to be in accordance with the current annual budget and solely for Council purposes.
- 8.5. The credit card should only be used when other methods of payment, such as purchase orders, are not available.
- 8.6. The credit card holders must provide an acquittal of credit card use each month. The report must detail a description of each purchase and the cost code for the expenditure and contain receipts for all transactions.
- 8.7. The acquittal must be presented to each council meeting for noting by Council by the Executive Manager Finance.
- 8.8. Any inappropriate usage must be reported to the Executive Manager Governance and Operations for further review in line with council's Fraud and Corruption Control Plan.
- 8.9. Council's internal and external auditors will at times review credit card usage.
- 8.10. A further Statutory Declaration may be submitted in cases where receipts have not been located.
- 8.11. Expenditures are to be reconciled by an independent officer (not a card holder) within 14 days from the Statement issue date.
- 8.12. Credit cards must be returned immediately if employment ceases.

9. Petty Cash

- 9.1. Purchases up to \$400 (inclusive of GST) may be spent out of petty cash.
- 9.2. Petty Cash expenditure is to be in accordance with the current annual budget and cost coded accordingly.
- 9.3. Petty cash should only be used when there is no other reasonable alternative for payment.
- 9.4. All petty cash payments must be accompanied by a tax invoice / receipt / "statement by a supplier".
- 9.5. Petty cash should be managed in accordance with the "Cash Handling" policy

10 Quotes

As per the Local Government Regulation 2012

- \$5,000 or less – at least one written quote
- \$5,001 to \$15,000 – at least two written quotes
- \$15001 to \$200,000 – at least three written quotes
- Over \$200,000 - Tender (see section 9)

11.1 Where the Purchasing Manager believes (or reasonably should believe) that the quote does not represent a fair price, additional quotes should be sought. All quotes obtained by the Purchasing Manager are to be attached to Councils requisitions.

11.2 There is no requirement to accept the lowest quotation. However where an officer recommends a quotation (other than the lowest quotation), they must provide a brief written justification which must be kept with the requisition.

12 Tenders

12.1 Council cannot enter into a large-sized contract unless Council first invites written tenders for the contract in accordance with the requirements of Section 228 of the Regulation. Queries on tenders can be made to the Purchasing Manager or Executive Manager Governance and Operations.

13 Exemptions

13.1 Chapter 6, Part 3, Division 3 of the Regulation identifies exceptions for medium and large-sized contracts.

Chapter 6, Part 3, Division 4 of the regulation identifies exemptions for valuable non-current asset contracts.

Queries on exemptions can be made to the Purchasing Manager or Executive Manager Governance and Operations.

15 Related Party Disclosures

As per KASC “Related Party Policy”, Council officers must notify the Executive Manager Finance if they suspect that the procurement of goods or service may be a related party transaction.

16 Delegations

- 16.1 Only Council officers who meet the following conditions are able to authorise procurement:
1. The cost is in their budget portfolio
 2. There are available funds in their budget
 3. They have financial delegation as per **Table 1**
 4. They have obtained the relevant number of quotes as per section 10 "Quotes" of this policy.
- 16.2 It is the responsibility of the officer to adhere to the above conditions. Failure to comply may result in investigations by Internal Auditors and Governance and Operations and may result in disciplinary action and
- 16.3 By signing a requisition / purchase order officers are confirming that they have taken full notice of the requirements of this policy and will comply with all of the requirements of this policy.
- 16.4 Any requests for expenditure outside of these conditions must be made to the Chief Executive Officer for consideration. The Chief Executive Officer must note on the approval why expenditure outside the conditions has occurred.
- 16.5 Officers should consult the Executive Manager Finance, Executive Manager Governance and Operations or the Purchasing Manager if they have queries in regard to the policy.

17 Purchasing Steps

Step 1

Manager submits Purchase Requisition into financial software package, or requests an officer to do so.

Step 2

Purchasing Manager to review Purchase Requisition to ensure it adheres to the Procurement Policy and cost codes are correct.

Step 3

Purchasing Manager submits checked Purchase Requisitions to Executive Manager Finance or delegate

Step 4

Executive Manager Finance confirms that purchase is in line with Procurement Policy

Step 5

Executive Manager Finance approves purchase with the financial software package.

Step 6

Purchasing Manager converts requisition to a Purchase Order

Step 7

Purchasing Manager provides the Purchase Order to the supplier

Step 8

On receipt of the goods or service, Purchasing Manager generates a "goods receipt" against the purchase order

Step 9

Purchasing Manager to submit goods receipt, supplier invoice, purchase order, requisition and quotes to Accounts Payable for processing.

Table 1 – Register of Financial Delegations

Position	\$0 - \$999	\$1,000 - \$4,999	\$5,000 - \$14,999	\$15,000 - \$199,999	\$200,000 +
Council	-	-	-	-	X
Chief Executive Officer	X	X	X	X	
Executive Manager Finance	X	X	X	X	
Executive Manager Governance and Operations	X	X	X		
Executive Manager Community Services	X	X	X		
Executive Manager Human Resources	X	X	X		
Executive Manager Infrastructure, Works and Projects	X	X	X		
Purchasing Manager	X	X			
Workshop Operations Manager	X				
Carpentry Supervisor	X				
Grants and Business Development Manager	X				
Building Manager	X	X			
Airport Manager	X				
Administration Manager	X				
Aged Care Manager	X				
Bakery Manager	X				
Post Office Manager	X				
Women's and Children's Service Coordinator	X				
Batching Plant Manager	X				
Essential Services Manager	X				
Sport & Recreation Manager	X				
Men's Shed Coordinator	X				
Women's Hub Coordinator	X				
Youth Engagement Officer	X				

Approval

This policy was duly authorised by Council as the Kowanyama Aboriginal Shire Council's Procurement Policy on 23 January 2019 and shall hereby supersede any previous policies of the same intent.



Date 23 January 2019

A/Chief Executive Officer, Katherine Wiggins