

Procurement Policy

Policy Number	KASC-STAT-009
Responsible Manager	Executive Manager Corporate and Financial Services
Legislation	<u>Local Government Act 2009</u> <u>Local Government Regulation 2012</u>
Approval Date	29 March 2022

1. Definitions and Terms

1.1 In this policy:

Council	Means Kowanyama Aboriginal Shire Council
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	Is 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	Is a supplier which: <ul style="list-style-type: none"> a) is beneficially owned by persons who are residents in the local government area of Kowanyama Aboriginal Shire Council, Cape York or Cairns, or b) has its principal place of business within the local government area of Kowanyama Aboriginal Shire Council, Cape York or Cairns, or c) 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	Is the official order to the supplier.
Requisition	Is an internal request for a purchase.

2. Acronyms and Abbreviations

2.1 In this policy:

KASC	Means Kowanyama Aboriginal Shire Council
The Act	Is the <u>Local Government Act 2009</u>
The Regulation	Is the <u>Local Government Regulation 2012</u>

3. Purpose of this Policy

- 3.1 This document sets out the Kowanyama Aboriginal Shire Council policy for the procurement of goods and services.

4. Application of this Policy

- 4.1 This policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts (including maintenance).
- 4.2 All Council officers must comply with this policy.

5. Compliance

- 5.1 All KASC procurement of goods and services must be carried out in compliance with the Local Government Act 2009 and the Local Government Regulation 2012.

6. Procurement Principles

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

6.1 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:

- 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.

6.2 Open and Effective Communication

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.

6.3 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.

6.4 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
- e) Use local products and services where possible.

6.5 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.

7. Purchase Orders

7.1 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 and corporate credit card transactions
- d) Rent
- e) Licenses
- f) Insurance

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

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

8. Cabcharge

8.1 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.

8.2 The Cabcharge register must be kept updated at all times.

8.3 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.

- 8.4 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.

9. Corporate Credit Card

- 9.1 A Council credit card is allowable to the Chief Executive Officer and all Executive Managers.
- 9.2 All corporate credit card holders 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 Executive Manager Corporate and Financial Services.
- 9.3 The credit cards must be stored securely by the holders and must not be provided to any other employee unless in exceptional circumstances as approved by the Chief Executive Officer.
- 9.4 Credit card expenditure is to be in accordance with the current annual budget and solely for Council purposes.
- 9.5 The credit card should only be used when other methods of payment, such as purchase orders, are not available.
- 9.6 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. This acquittal must be approved by the card holder's direct manager or the mayor each month prior to submission to finance for processing.
- 9.7 The acquittal must be presented to each council meeting for noting by Council by the Executive Manager Corporate and Financial Services.
- 9.8 Any inappropriate usage must be reported to the Executive Manager Corporate and Financial Services for further review in line with council's Fraud and Corruption Control Plan.
- 9.9 Council's internal and external auditors will at times review credit card usage.
- 9.10 A further Statutory Declaration may be submitted in cases where receipts have not been located.
- 9.11 Expenditures are to be verified and reconciled by an independent officer (not a card holder) within 14 days from the statement issue date.
- 9.12 Credit cards must be returned immediately if employment ceases.

10. Petty Cash

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

11. Quotes

- 11.1 Expenditure thresholds, exclusive of GST, for obtaining quotes are:
- \$5,000 or less – at least one written quote
 - \$5,001 to \$15,000 – at least two written quotes
 - \$15,001 to \$200,000 – at least three written quotes

- Over \$200,000 – Tender. See Section 12.
- 11.2 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.
- 11.3 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 Corporate and Financial Services.
- 12.2 Tenders should adhere to the Tender Procedure.

13. Exemptions

- 13.1 Council officers must follow the procurement guidelines unless they utilise a legislative exemption. Exemptions to the procurement guidelines for quotes and tenders are provided for under sections 229 to 235 of the Regulation. These exemptions are:
- a) if Council decides by resolution to prepare a quote or tender consideration plan;
 - b) engaging a contractor on an approved contractor list;
 - c) engaging a supplier on a register of pre-qualified suppliers;
 - d) engaging a supplier on a preferred supplier arrangement;
 - e) engaging a supplier on another Local Government Association arrangement, e.g., LGAQ Local Buy.
- 13.2 Further exemptions (to Council entering a medium-sized contractual arrangement or large-sized contractual arrangement without first inviting written quotes or tenders) exist if:
- a) Council resolves that it is satisfied that there is only one Supplier/Contractor who is reasonably available;
 - b) Council resolves that because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous to invite quotes or tenders;
 - c) a genuine emergency exists;
 - d) Council purchases goods at an auction;
 - e) Council purchases second-hand goods;
 - f) contract is made with, or under an arrangement with, a government agency.

14. Related Party Disclosures

- 14.1 As per KASC "Related Party Policy", Council officers must notify the Executive Manager Corporate and Financial Services if they suspect that the procurement of goods or service may be a related party transaction.

15. Delegations

- 15.1 Only Council officers who meet the following conditions can authorise procurement:
- a) The cost is in their budget portfolio
 - b) There are available funds in their budget

- c) They have financial delegation as per the Register of Financial Delegations in Attachment 1.
 - d) They have obtained the relevant number of quotes as per Section 11 "Quotes" of this policy or qualify for an exemption as per Section 13 "Exemptions" of this policy.
- 15.2 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 may result in disciplinary action.
- 15.3 By raising a requisition / purchase order officers are confirming that they have taken full notice of the requirements of this policy and that the expenditure complies with all the requirements of this policy.
- 15.4 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.
- 15.5 Officers should consult the Executive Manager Corporate and Financial Services, Manager Finance or the Purchasing Manager if they have queries in regard to the policy.

16. Variations to Purchases

Variation processes are as follows:

- 16.1 Each variation can only be approved by an officer up to their authorised financial delegation;
- a) All variations are to be approved in writing;
 - b) Each variation requires an additional line item on the original purchase order stating the scope and cost or a new purchase order is commenced to reflect the variation.
- 16.2 Approved variations
- Where variations exist:
- a) So long as variations to the original contract amount are within budget and the financial delegation of the officer approving the variation, then the officer is authorised to approve.
 - b) Should the cumulative value of variations on the contract exceed the highest financial delegation of any officer (including the CEO) or the \$200,000 threshold is exceeded then any further variation/s must be approved by the Council, or a new procurement process is to commence to meet the policy (unless exemptions apply as per Section 13).

17. Procurement Decision Making

- 17.1 Procurement decision-making is to follow the process outlined in Attachment 2: Procurement Flowchart.

18. Purchasing Steps

- 18.1 Purchasing must be undertaken in accordance with Attachment 3: Purchasing Steps.

19. Policy Review

- 19.1 The policy is to be reviewed in accordance with the Policy Framework Policy – KASC-ADMIN-001.
- 19.2 Kowanyama Aboriginal Shire Council reserves the right to vary, replace, or terminate this policy from time to time.

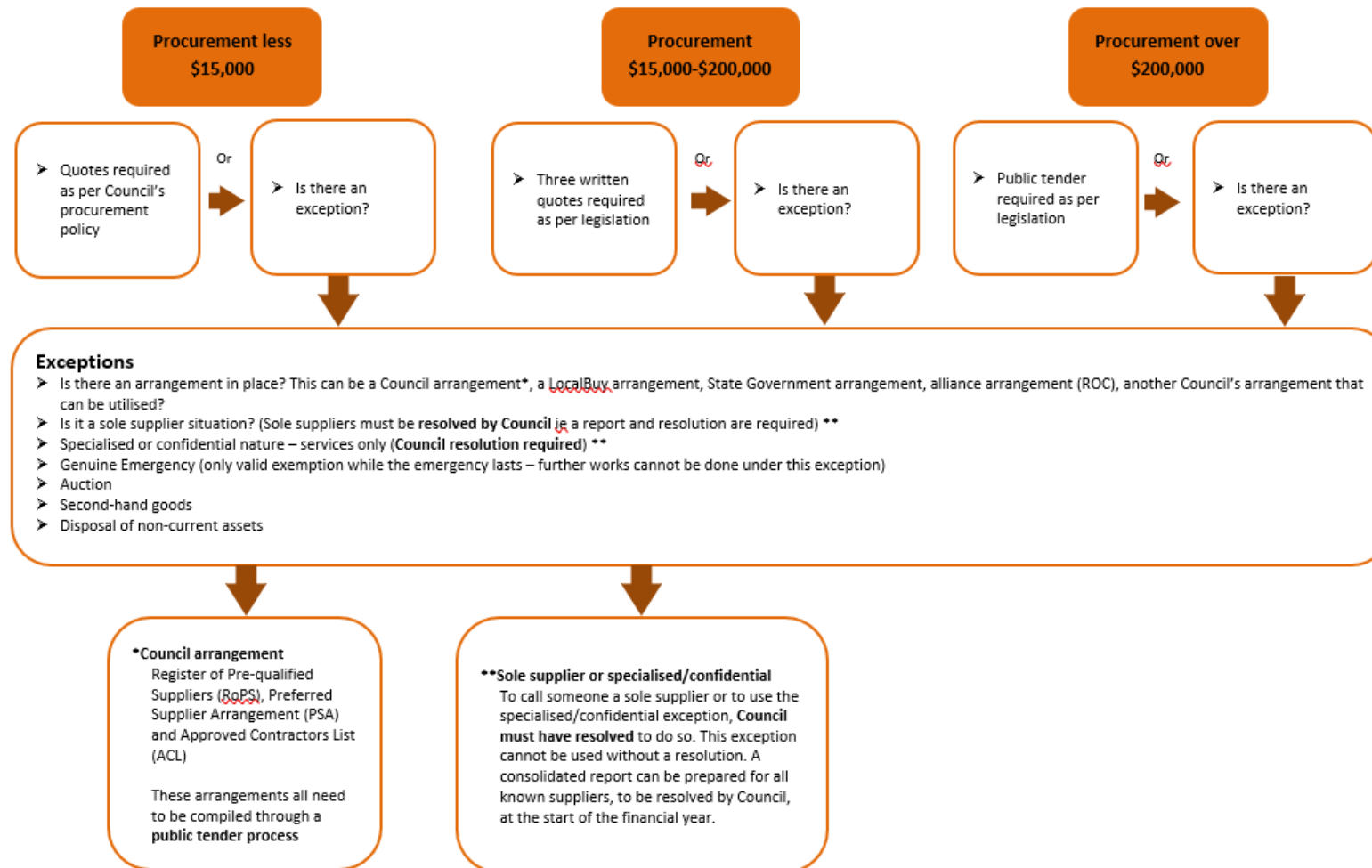
20. Approval

- 20.1 This policy was duly authorised by Council on 29 March 2022 as the Kowanyama Aboriginal Shire Council's Procurement Policy and shall hereby supersede any previous policies of the same intent.

21. Attachment 1: Register of Financial Delegations Table

Position	\$0 - \$999	\$1,000 - \$4,999	\$5,000 - \$49,999	\$50,000 - \$199,999	\$200,000+
Council	-	-	-	-	X
Chief Executive Officer	X	X	X	X	
Executive Manager Corporate and Financial Services	X	X	X	X	
Executive Manager Community Services and Cultural Heritage	X	X	X		
Executive Manager Roads, Infrastructure and Essential Services	X	X	X		
Manager Finance	X	X	X		
Manager Governance	X	X			
Manager Human Resources	X	X			
Manager Information Communication and Technology	X	X			
Purchasing Manager	X	X			
Building and Essential Services Manager	X	X			
Manager Program, Projects and Grants	X				
Manager Business Enterprises	X				
Workshop Manager	X				
Carpentry Supervisor	X				
Lands Manager/Ranger	X				
Airport Manager	X				
Administration Supervisor	X				
Aged Care Manager	X				
Post Office Manager	X				
Manager Women's Services	X				
Building Services Admin	X				
Sport and Recreation Manager	X				
Men's Shed Coordinator	X				
Women's Hub Coordinator	X				
Youth Engagement Officer	X				

22. Attachment 2: Procurement Flowchart



Source: Department of State Development, Infrastructure, Local Government and Planning

23. Attachment 3: 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 Corporate and Financial Services or delegate.

Step 4:

Executive Manager Corporate and Financial Services or delegate confirms that purchase is in line with Procurement Policy.

Step 5:

Executive Manager Corporate and Financial Services or delegate approves purchase in the financial software package and converts the requisition to a Purchase Order.

Step 6:

Purchasing Manager provides the Purchase Order to the supplier

Step 7:

On receipt of the goods or service the receiving officer must sign the invoice / delivery docket as a "goods receipt" note and submit to the Purchasing Manager to match goods receipt / supplier invoice to approved purchase order and quotes and submits to Accounts Payable for processing for payment.