



Croydon Shire Council

Procurement Policy

Document Control

Responsible Officer:

Chief Executive Officer

CEO Signature:



Date:

20 June 2024

Category (tick):

- ☒ Policy *Council resolution required*
- ☐ Procedure *CEO approval required*
- ☐ Guideline *CEO approval required*

Approval date	Head Policy #	Reference Number	Reason/Comment	Next review
16 March 2023	NA	POL STRAT 10	New Policy	March 2024
21 September 2023	NA	POL STRAT 10	Updates to Credit Card Limits	June 2024
20 June 2024	NA	POL STAT 09	Annual Review, amended to Statutory Policy not strategic	June 2025

Local Supplier	means a supplier which: <ol style="list-style-type: none"> is beneficially owned by persons who are residents in the Local Government Area of Council; or has its principal place of business within the Local Government Area of Council.
Non-Local Supplier	means a supplier who is not a Local Supplier.
The Act	means the <i>Local Government Act 2009</i> (Qld)
The Regulation	means the <i>Local Government Regulation 2012</i> (Qld)
SLT	mean the Senior Leadership Team
Sound Contracting Principles	is defined in clause 6.3 herein and section 104(3) of <i>the Act</i> .
Personnel	means collectively elected members, employees, agents, and contractors of CSC.
Purchase Order	means the official Council order to the supplier.
Requisition	means an internal request for a purchase.

6. Policy Details

6.1 Introduction

The procurement of all goods and services by Council must be carried out in accordance 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 applies.

6.2 Policy Objective

Council's purchasing activities aim to achieve legal and ethical procurement outcomes by ensuring compliance by all Personnel with the sound contracting principles (set out in clause 6.3 herein and section 104(3) of the Act) in the procurement of all goods and services by Council.

6.3 Sound Contracting Principles

Personnel must have regard to the following sound contracting principles in all procurement activities:

6.3.1 Value for Money

Council must harness its procuring power to achieve the best value for money. The concept of value for money is not restricted to price alone. When assessing value for money, Council will consider:

1. fitness for purpose, quality, services and support; and
2. whole-of-life costs including costs of acquiring, using, maintaining and disposal; and
3. internal administration costs; and
4. technical compliance issues; and
5. risk exposure; and
6. the value of any benefits to the local economy; and
7. value for money through arrangements with local suppliers for frequently procured items.

6.3.2 Open and effective competition

Procurement 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.

6.3.3 The development of competitive local business and industry

Council's procurement activities must seek to proactively encourage competitive local business and industry.

In accordance with section 104(3) of the Act, Council wishes to pursue the principle of 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 favorable 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.

6.3.4 Environmental Protection

Consideration must be given to support and promote sustainable outcomes through ensuring the necessary balance between environmental, economic and social aspects to maintain a high quality environment as a source of competitive advantage such as:

- Prevention or minimisation of waste;
- Use of recycled products and recycling facilities;
- Conservation of energy in buildings and use of equipment;
- Control of order of quantities to avoid stock build-up, minimise storage requirements and reduce possible obsolescence;
- Where possible, specification of environmentally-friendly products in invitation to offer documents; and
- Use of environmentally-friendly products in the management of parks/recreational grounds and for weed control on roads and kerb sides.

6.3.5 Ethical behaviour and fair dealing

Council officers involved in procurement activities are to behave with impartiality, fairness, independence, openness, integrity, and professionalism, maintaining transparency and accountability in their discussions and negotiations with suppliers and their representatives consistent with the *Local Government Principles and Ethics Principles*

6.4 Work Health and Safety Considerations

In addition to the Sound Contracting Principles set out in clause 6.3 herein, consideration must be given to:

- a) Selecting contractors on the basis they can meet the requirements of the *Work Health and Safety Act 2011* (Qld) and associated legislation and Codes of Practice;
- b) Identification, verification and communication of contractor duties in accordance with Croydon Shire Council Work Health and Safety Procedure (Contractor Controls); and
- c) Monitoring contractor performance, including the review of Workplace Health and safety performance; and
- d) Selecting goods and suppliers on the basis they can meet the requirements of the *Work Health and Safety Act 2011* (Qld) and associated legislation and Codes of Practice and do not introduce health and safety risks, and in accordance with Croydon Shire Council Work Health and Safety Procedure (Purchasing & Suppliers Controls).

6.5 Purchase Orders

6.5.1 The issue of a purchase order under the terms of contract represents the acceptance of an offer, thereby establishing a contract with the legal implications that this entails. It is important to note that Council orders must be raised before the supply of goods and services subject to certain exceptions. Invoices for which a purchase order is not required are as follows:

- Utilities such as:
 - Electricity
 - Street lighting
 - Telephone
 - Mobile phone
 - Internet
- Donations
- Grants
- Sponsorships
- Electoral Commission fees
- Fire Levy payments
- Motor vehicle registration
- Insurances
- Land valuation fees
- Workers compensation payments
- Insurance settlements
- Other statutory body payments
- Investment transfers
- Reimbursements
- Expenses paid by purchasing card

6.5.2 Purchase orders must specify where and to whom the goods are to be delivered along with delivery instructions. Purchase orders must contain a quoted price or estimated price apportioned to the relevant budget numbers. For items where a purchase

order is not required, sufficient documentation must be retained to identify why the payment was being made and what it was for.

6.5.3 Where an exemption to tender is utilised by Council for the purchase of goods and/or services, details of the exemption must be provided on the purchase order (eg. where a Local Buy Prequalified Supplier Arrangement is utilised, the arrangement number must be cited on the purchase order).

6.5.4 Expenditure limits and threshold limits have been set in this policy to ensure proper controls and checks are carried out on all purchases. These limits are also subject to having the required budgetary allocation.

6.5.5 Purchase orders must be generated and approved (as per this Policy) prior to the supplier being engaged.

6.5.6 Requests for retrospective purchase orders (ie. purchase orders issued after supply) may result in disciplinary action.

6.6 Alternate Payment Methods to Purchase Order

6.6.1 Use of Corporate Credit Cards must occur strictly in accordance with the Corporate Credit Card Procedure.

6.6.2 Purchases up to \$400 (inclusive of GST) may be spent out of petty cash.

6.6.3 Petty cash expenditure is to be in accordance with the current annual budget and cost coded accordingly.

6.6.4 Petty cash should only be used when there is no other reasonable alternative for payment.

6.6.5 All petty cash payments must be accompanied by a tax invoice/ receipt/ statement by a supplier.

6.6.6 Petty cash should be managed in accordance with any relevant Policy or Procedure of Council.

6.7 Confirmation of Receipt of Goods

6.7.1 Immediately upon receipt, goods must be inspected for compliance with the order specifications and quantities and be reconciled with the order. The supplier must be formally notified of any returns or shortfalls or damage to the goods received. Credit requests will be raised and shortages endorsed on the delivery documents to ensure that the accounts payable section pays only for the quantities received and authorised for payment.

6.8 Payment

6.8.1 A signed proof of satisfactory receipt of the goods/services must be provided to authorise payment to the supplier. Shortages, incorrect supplies, damaged goods, etc. must be noted

and unless otherwise negotiated or specified in the offer or on the account. Payment will be made in accordance with Council's trading terms of not greater than thirty (30) days following the date of receipt of the invoice. Officers must be aware of legislation and contracts requiring earlier settlement.

6.8.2 Settlement discounts will be noted by the Council officers and processed within the nominated discount period.

6.8.3 Orders which may require cancellation must be referred immediately to the issuing procurement officer for appropriate action.

6.9 Purchases under \$5,000 (exclusive of GST)

6.9.1 Fuel Cards

Fuel purchases may be made using fuel cards. Delegated officers may purchase fuel with fuel cards in accordance with their remuneration agreements. Other officers may use the corporate fuel card for the purchase of fuel for travel on Council business.

6.9.2 Minor Purchases

6.9.2.1 Purchasing Cards – Refer to **Schedule 1**

Purchases up to a maximum amount for individual card holders, excluding fixed assets, may be made by delegated officers using a Purchasing Card for low value, high volume goods or services. The use of Purchasing Cards procedure is documented with the card's issue and transaction limits are listed in **Schedule 1**.

6.9.2.2 Purchase Orders –

A Purchase Order will be raised after:

- a) Accessing a current Approved Contractor List (for services) within delegated authority and budget constraints; or
- b) Accessing a Preferred Supplier Arrangement or a Register of Pre-qualified Suppliers within delegated authority and budget constraints; or
- c) Accessing a LGA arrangement; or
- d) A verbal or written quotation is obtained and recorded and expenditure is within delegated authority and budget constraints.
- e) Officers are encouraged to use a variety of local suppliers where applicable.

6.10 Purchases above \$5,000 and up to \$15,000 (exclusive of GST)

6.10.1 Purchasing Cards – Refer to **Schedule 1**

Purchases up to a maximum amount for individual card holders, excluding fixed assets, may be made by delegated officers using a Purchasing Card for low value, high volume goods or services. The use of Purchasing Cards procedure is documented with the card's issue and transaction limits are listed in **Schedule 1**.

6.10.2 Purchase Orders

A Purchase Order will be raised after:

- a) Accessing a current Approved Contractor List (for services) within delegated authority and budget constraints; or
- b) Accessing a Preferred Supplier Arrangement or a Register of Pre-qualified Suppliers within delegated authority and budget constraints; or
- c) Accessing a LGA arrangement; or
- d) Two verbal or written quotations are obtained and recorded and expenditure is within delegated authority and budget constraints.

The Finance Manager may obtain competitive quotations in addition to any supplier nominated on the requisition.

6.11 Purchases above \$15,000 and under \$200,000 (exclusive of GST) – Medium sized contractual arrangement.

6.11.1 Chapter 6, Part 3, Division 2, Section 225 of the Regulation requires that Council invite written quotations before making a contract for the carrying out of work or the supply of goods or services expected to be worth between \$15,000 and \$200,000 (a medium sized contractual arrangement). The invitation must be given to at least three persons who Council considers can meet its requirements at competitive prices.

6.11.2 If less than all invited suppliers respond, officers may choose from a lesser number of quotes but must ensure value for money is achieved. If there is any doubt about the achievement of value for money, officers must seek further quotes.

6.11.3 This clause is excepted if an exception listed in Part 3, Division 3 of the Regulation applies.

6.11.4 Records of offers invited and received must be kept on file and registered in Council's document management system.

6.12 Purchases worth \$200,000 or more (exclusive of GST) – Large sized contractual arrangement

6.12.1 Chapter 6, Part 3, Division 2, Section 226 of the Regulation requires that Council invite written tenders before making a contract for the carrying out of work or the supply of goods or services expected to be worth more than \$200,000 (a large sized contractual arrangement).

6.12.2 Council may choose to invite expressions of interest under section 228(5) of the Regulation before considering whether to invite written tenders, however a Council resolution is required before inviting expressions of interest.

6.12.3 The invitation must be published on Council's website for at least 21 days. Council must

also take all reasonable steps to publish the invitation for tenders or invitation for expressions of interest in another way to notify the public about the tender process (example is publishing an invitation in an industry publication or on the QTenders website)

- 6.12.4 Council has access to purchasing arrangements which may provide an alternative to seeking tenders.
- 6.12.5 This clause is excepted if an exception listed in Part 3, Division 3 of the Regulation applies.
- 6.12.6 Records of tenders received must be kept on file and registered in Council's document records management system.

6.13 Publishing details of Particular Contract

6.13.1 In Accordance with Part 4 Section 237(1) of the Regulation, Council must, as soon as practicable after entering into a contractual arrangement (for example, a purchase order) worth \$200,000 or more (exclusive of GST):

- a) publish the relevant details of the contract on the Local Government's website; and
- b) display the relevant details of the contract in a conspicuous place in the Local Government's public office; and
- c) the relevant details must be published or displayed for a period of at least 12 months.

6.13.2 Relevant details of the contract mean the following:

- a) the person with whom the Local Government has entered into the contract;
- b) the value of the contract; and
- c) the purpose of the contract.

6.14 Inventory and Non-Inventory Purchasing

6.14.1 Due to the repetitive nature in the recurring purchases of like stock items which are held in the Council's Stores, the Council may advertise for procurement under purchasing arrangements in compliance with the Regulation, and the procedures applying to tenders and quotations of this policy.

6.14.2 Store items may be detailed under like groupings (commodity groups) to encourage quotations from prospective suppliers and responses will be assessed to establish purchasing arrangements for the product/s. These arrangements will be advertised and assessed in the same manner as tenders and the sound contracting principles set down in the Act will be observed.

6.14.3 These purchasing arrangements should not exceed a period of two (2) years unless a longer period produces better value to Council. These arrangements will be

continually evaluated to ensure an acceptable level of supplier performance.

6.14.4 Purchases of a repetitive nature of non-stock items from a supplier may also be considered for a purchasing arrangement.

6.15 Tenders

6.15.1 Tenders must be invited whenever a Preferred Supplier Arrangement or an expression of interest for a contractual arrangement worth \$200,000 or more is to be entered into in accordance with Chapter 6, Part 3, Division 2, Section 228 of the Regulation.

6.15.2 Tenders must be lodged in writing, by a set date and time. Such tenders should be clearly endorsed with the tender reference.

6.15.3 Specifications, where appropriate, must set out the minimum performance requirements, dimensions and purpose for which the goods/services are required.

a) Tender Submission, Closing Time and Date:

Tenders may be submitted by hand, post or electronic means as specified in the Tender documents. Tenders requiring voluminous technical documentation may be required to be delivered in person to the Council Office.

Tenders shall close at the time and date determined by the Chief Executive Officer.

b) Tender Openings:

The opening of tenders shall be carried out and witnessed by at least two Council employees one of whom at least must be either:

- The Business Manager; or
- The Finance Manager

6.16 Evaluation Criteria

6.16.1 When evaluating offers, Council officers shall have regard to the sound contracting principles. All offers will be assessed with consideration to the value of the contract, technical requirements, quality and importance of the work to be completed, local preference and compliance with relevant legislation as detailed in this policy.

6.16.2 The selected offer shall achieve value for money that is consistent with the purpose of the item or service being provided.

6.16.3 Wherever possible, more than one (1) officer of the Council will be involved in the evaluation, awarding and administration of contracts. The process of tendering and evaluation must comply with this Procurement Policy.

6.16.4 Any officer of the Council who has any conflict of interest whatsoever in the contract should exclude himself/herself from the evaluation process and disclose the existence of such interest. Officers must keep appropriate records or files to satisfy audit requirements and to establish that the principles and procedures contained in

this policy have been complied with.

6.17 Other Exceptions

- 6.17.1 In accordance with Section 235 of the Regulation, Council may enter into a medium sized contractual arrangement or a large sized contractual arrangement without first inviting written quotes or tenders if:
- (a) the local government resolves it is satisfied that there is only one supplier who is reasonably available; or
 - (b) the local government resolves that, because of the specialized 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
 - (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.

6.18 Exception for LGA Arrangements

- 6.18.1 Under section 234 of the Regulation, Council may enter into a contract for goods and services without first inviting written quotes or tenders if the contract is entered into under an LGA arrangement.
- 6.18.2 Council may establish buying arrangements including Preferred Supplier Arrangement, Register of Pre-Qualified Suppliers and can also utilise Local Buy Arrangements, FNQROC Arrangements and Queensland State Purchasing Arrangements.
- 6.18.3 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 use of an LGA arrangements.

6.19 Disposal of a valuable Non-Current Assets

Under section 224 of the Regulations, Council specifies that a valuable non-current asset is:

- (a) land; or
- (b) another non-current asset that has an apparent value equal to, or more than \$5,000.

Non-Current Asset Disposal Guidelines

As required by *Section 227* of the Regulation, Council cannot enter into a contract for the disposal of valuable non-current assets unless it first invites written tenders for the

contract in accordance with *Section 228* of the Regulation or offers the asset for sale by auction.

The accepted means of disposal as per *Section 227* and *Section 236* of the Regulation may include, but is not limited to:

- public auction;
- public tenders;
- can be sold in any way as long as the sale price is more than the highest bid received at a previous tender or auction. In this instance, the asset must have been the subject of an earlier tender/auction process.

Exceptions for Valuable Non-Current Contracts

Under *Section 236* of the Regulation, Council may dispose of a valuable non-current asset, other than by tender or auction, if:

- (a) Council disposes of the valuable non-current asset to a government agency or a community organisation; or
- (b) Council disposes of the valuable non-current asset, other than land, by way of a trade-in for the supply of goods or services to Council, and the disposal is part of the contract for the supply.

Exemptions (a) and (b) require a Council resolution prior to disposal of the asset.

Items, other than land, with an apparent value of less than \$5,000, may only be disposed of with the authorisation of the Chief Executive Officer. Depending on the nature of the items these will normally be offered for sale to Council staff or local community by way of inviting written tenders for sale.

All disposals, whether valuable non-current asset or items of value less than \$5,000 including plant items which have been approved in the budget to be sold or traded-in needs to be endorsed by both the Chief Executive Officer and Finance Manager prior to being offered for sale.

6.20 Delegations

- 6.20.1 Only the Council officers listed in the attached **Schedule 1** are entitled to approve expenditure and then only in accordance with their financial delegation limits. By signing a requisition/ purchase order all officers are confirming that they have taken full notice of this policy and will comply with all of the requirements of this policy.
- 6.20.2 It is the responsibility of the officer to adhere to the above conditions. Failure to comply may result in investigations by Internal Auditors and may result in disciplinary action.
- 6.20.3 By raising a requisition/ purchase order, officers are confirming that they have taken full notice of these policy requirements and that the expenditure complies with all requirement.

- 6.20.4 Any requests for expenditure outside of these conditions must be made to the Chief Executive Officer for consideration. Where approvals are given by the Chief Executive Officer for procurement outside the parameters of this policy, reasons must be recorded and reported as necessary to internal and external audit.

6.21 Variations

- 6.21.1 Each variation can only be approved by an officer up to their authorised financial delegation:

- (a) All variations are to be approved in writing; and
- (b) Each variation required 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.

- 6.21.2 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 the variation;
- (b) Should the cumulative value of the variations on the contract exceed the highest financial delegation of any officer (including the CEO - >\$199,999), then any further variation must be approved by the Council, or a new procurement process is to commence to meet the policy (unless exemptions apply).

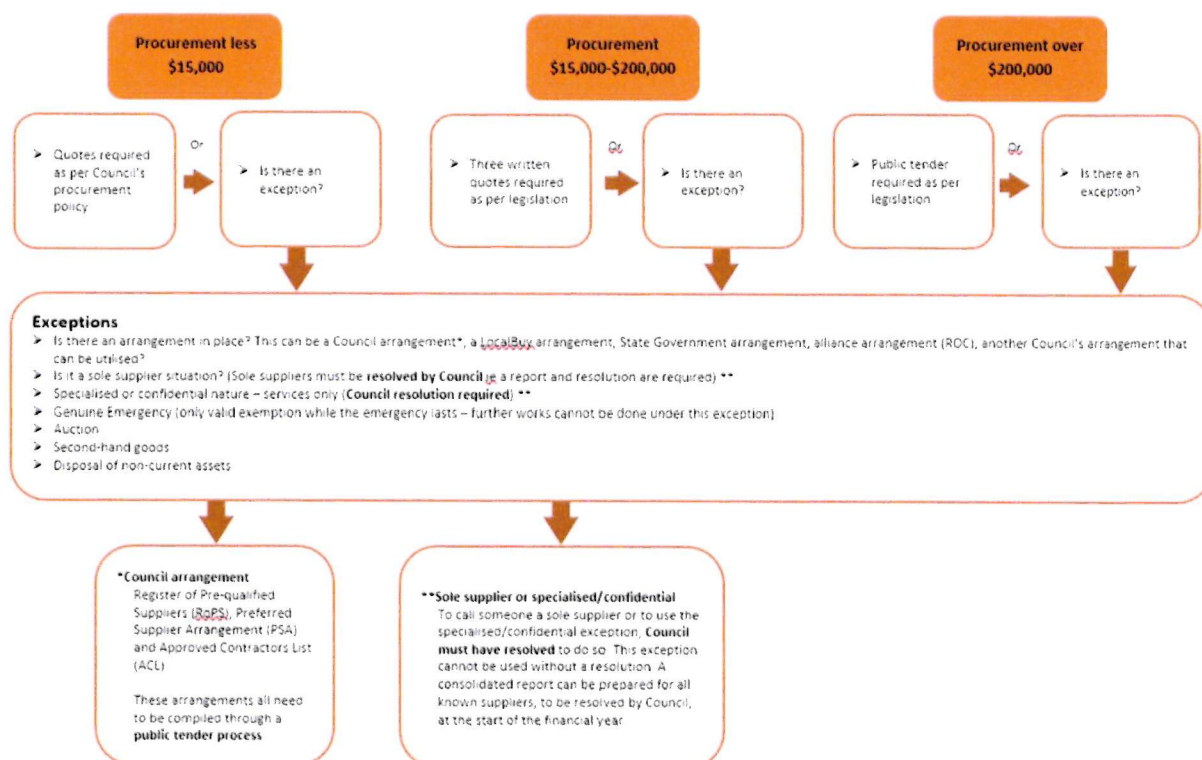
7. Review of Policy

It is the responsibility of the Finance Manager to monitor the adequacy of this policy and recommend appropriate changes. In accordance with Section 198 of the *Local Government Regulation 2012* this policy will be formally reviewed by Council annually.

SCHEDULE 1 – Financial Delegations

Approving Authority	Authorisation Limit	Conditions	Authorised By
Council	Unlimited	<p>Within Budget provisions.</p> <p>Compliant with Council's Procurement Policy and Code of Conduct</p> <p>Accepted tenders or exemptions under the <i>Local Government Regulation 2012</i>.</p>	Resolution
Chief Executive Officer	Up to \$199,999	<p>Within Budget provisions.</p> <p>Compliant with Council's Procurement Policy and Code of Conduct.</p> <p>Compliant with delegated authority to act under Council's local laws and relevant legislation.</p>	Purchase Order Purchasing Card (\$20,000) Fuel Card
Business Manager Finance Manager Works Manager	Up to \$50,000	<p>Within Budget provisions.</p> <p>Compliant with Council's Procurement policy and Code of Conduct.</p> <p>Compliant with delegated authority to act under Council's local laws and relevant legislation.</p>	Purchase Order Purchasing Card: Business Manager (\$15,000) Works Manager (\$15,000)
Community Services Manager Tourism & Marketing Manager Purchasing Officer	Up to \$5,000	<p>Within Budget provisions.</p> <p>Compliant with Council's procurement policy and Code of Conduct.</p> <p>Compliant with delegated authority to act under Council's local laws and relevant legislation.</p>	Purchase Order Purchasing Card: Mayor (\$5,000) Community Services Manager (\$5,000) Fuel Card

SCHEDULE 2 – Procurement Flowchart



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