

Appendix E

Council Procurement Policy

Procurement Policy

Local Government Act 2009

1. POLICY STATEMENT

This policy sets out Townsville City Council's mandatory requirements for selection and engagement of suppliers for goods and services.

2. PRINCIPLES

All procurement activities of the Council must have regard to the 'sound contracting principles' contained in the *Local Government Act 2009*.

Without limitation, 'value for money' does not just mean 'lowest price' but includes, without limitation:

- a) Alignment to the objectives of Council outlined in its corporate and operational plans;
- b) Stimulating economic development within the local government area and compliance with Council's 'Buy Townsville' commitment and Indigenous Procurement Targets;
- c) Consideration of the whole of life cost of an asset;
- d) Fitness for purpose and quality; and
- e) Consideration of environmental, social and economic impacts.

3. SCOPE

This Policy applies to all workers and should be read in conjunction with other Council policies and procedures including but not limited to the Code of Conduct, Procurement Procedure, Corporate Purchase (Credit) Card Procedure, Environmental Policy, Management of Fraud and Corruption, WHS Risk Management Framework and Management of Personal Information Procedure.

4. RESPONSIBILITY

Managers are responsible for ensuring the procurement policy is understood by all workers and creation of an environment that supports compliant procurement activities.

All Workers are responsible for adhering to the procurement policy.

The Chief Procurement Officer is responsible for:

- Monitoring and reporting of Council's procurement activities; and
- Supporting the compliance of Council's procurement activities.

5. DEFINITIONS

Manager – includes persons appointed to positions with the title, Team Manager, General Manager, Principal, Director and Chief.

Workers – includes employees, contractors, volunteers and all others who perform work on behalf of council.

Value for money - an assessment of the total benefits and costs provided by a procurement including, cost, whole of life cost, local benefit, advancing government policy and supporting social outcomes.

6. POLICY

6.1 COMPLIANCE

Council Personnel conducting procurement activities must ensure that they comply with Council's policies, procedures and rules together with all applicable laws and legislation including but not limited to the *Local Government Act 2009*, the *Local Government Regulations 2012*, *Public Sector Ethics Act 1994* and any relevant environmental, safety, anti-bribery and corruption legislation.

Each purchasing activity must meet the requirements of sound contracting principals set out within the *Local Government Act 2009 s104(3)*:

- (a) value for money; and
- (b) open and effective competition; and
- (c) the development of competitive local business and industry; and
- (d) environmental protection; and
- (e) ethical behaviour and fair dealing

6.2 STANDARDS

Council Personnel must conduct all procurement activities in accordance with the *Code of Conduct* and behave with impartiality, fairness, integrity and professionalism.

6.3 AUTHORISED EXPENDITURE

Prior to any procurement activity, purchases of any goods or services must be made in accordance with policy and the Local Government Regulations.

Procurement must only be undertaken where there is a budget for the expenditure or it is otherwise authorised by a Council resolution. All purchases must be approved by the relevant financial delegate.

6.4 EXISTING CONTRACTS

Where a contract exists with a supplier or a panel of suppliers for a defined category of goods or services, purchases must be made under that contract where the required goods or services are of the similar scope and risk profile as the contract.

Arrangement Type	Minimum Requirements
Preferred Supplier Arrangement (PSA)	The single supplier contracted under the PSA must be utilised
Register of Prequalified Suppliers (RPS)	Contracted suppliers (panel) must be utilised that best represents value for money for the procurement activity. For purchases less than \$15,000, value for money must be tested by: <ul style="list-style-type: none"> • Assessing contracted/catalogue prices of contracted suppliers; or • Requesting quotes from a minimum of two suppliers contracted under the RPS arrangement.

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Arrangement Type	Minimum Requirements
	<p>For purchases \$15,000 or greater, value for money must be tested by:</p> <ul style="list-style-type: none"> Assessing contracted/catalogue prices of contracted suppliers; or Requesting quotes from a minimum of three suppliers contracted under the RPS arrangement. <p>Where less than three suppliers are contracted under the RPS arrangement, quotes are required to be requested from the contracted suppliers available.</p>
Approved Contractor List (ACL)	<p>Contracted suppliers (panel) must be utilised that best represents value for money for the procurement activity.</p> <p>For purchases less than \$15,000, value for money must be tested by:</p> <ul style="list-style-type: none"> Assessing contracted/catalogue prices of contracted suppliers; or Requesting quotes from a minimum of two suppliers contracted under the ACL arrangement. <p>For purchases \$15,000 or greater, value for money must be tested by:</p> <ul style="list-style-type: none"> Assessing contracted/catalogue prices of contracted suppliers; or Requesting quotes from a minimum of three suppliers contracted under the ACL arrangement. <p>Where less than three suppliers are contracted under the RPS arrangement, quotes are required to be requested from the contracted suppliers available.</p>

6.5 NEW PURCHASES

For new purchases that are not contracted within existing contracted supplier arrangements, these new purchases must be sourced according to the minimum requirements in the table below

Value within a financial year or term of engagement	Minimum Requirements
Less than \$3,000	(i) Credit card in accordance with the Corporate Purchase (Credit) Card; or (ii) One quote
\$3,000 to Less Than \$15,000	Two quotes
\$15,000 to Less Than \$200,000	Three quotes
\$200,000 or Greater	Public tender required

All purchases over \$200,000 that require public tender must have authorised Council resolution prior to awarding contracts unless exemption authorisation is provided by the Chief Executive Officer.

6.6 EXEMPTIONS

In accordance with *Local Government Regulations (2012)* the primary exceptions to the requirement to obtain quotes or go to tender outlined in sections 6.4 to 6.5 (inclusive) of this Policy:

- (a) Emergency: If the purchase is in response to a genuine emergency.
- (b) Local Buy: If the contract with the supplier is entered under a Local Buy arrangement for similar goods and services. A minimum number of quotes must be requested to test value for money.
- (c) Auction: If the contract is for purchase of goods by auction
- (d) Second-hand goods: If the contract is for the purchase of second-hand goods; or
- (e) Government agency: If the contract is made with, or under an arrangement with a government agency.

6.7 PAYMENT TERMS

Standard payment terms for suppliers to Council are 30 days from receipt of a valid tax invoice. The Chief Procurement Officer and Finance General Manager must approve all exceptions to these terms.

6.8 CONFLICTS OF INTEREST

Council personnel must not have any actual or perceived conflicts of interest in the procurement process. Where such a conflict of interest exists, Council personnel must declare such conflict and ensure that it is resolved or appropriately managed in favour of the public interest.

6.9 RISK

Council personnel must ensure that, for high-risk purchases, an appropriate risk assessment is completed and appropriate risk treatment actions exist to manage the procurement risks.

7. LEGAL PARAMETERS

Local Government Act 2009

Local Government Regulations 2012

8. ASSOCIATED DOCUMENTS

Procurement Procedure

Code of Conduct for Staff

Corporate Plan

Credit Card Procedure

Environmental Policy

ISO2400 Sustainable
Procurement

Operational Plan

Register of Financial Delegations

Delegations Register

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