

## Procurement Policy

Reference Number: P22  
Organisational Unit: ALL  
Responsible Position: Finance Manager  
Relevant Delegations: Refer Financial Delegations  
Date Adopted: 25 January 2017  
Review Date: Every three years

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### Objectives

To ensure that Central Desert Regional Council procurement processes are:

- Transparent and accountable.
- Supports community capacity development within the Central Desert Regional Council area.
- Being undertaken in accordance with Central Desert Regional Council's strategic and operational planning.
- Optimise service delivery outcomes.
- Procuring goods and services are at best value and of an appropriate quality.
- Providing fair opportunities for suitable suppliers.
- Undertaken in accordance with Sections 28, 29 and 30 of the Local Government (Accounting) Regulations 2014 and General Instruction 4.

### Legislation

Local Government Act 2014  
Local Government (Accounting) Regulations 2014 - Sections 28 – 30

### Definitions

Cost of supplies – all limits within this policy are defined as GST inclusive.

### Scope

This policy applies to procurement of all goods and services.

This policy is to apply in addition to applicable sections of the Local Government Act and the Local Government (Accounting) Regulations.

### Responsibility

The Central Desert Regional Council has a decentralised procurement model; therefore the Directors within the Council have the responsibility to ensure that this procedure is adhered to. This responsibility shall not be delegated to a subordinate.

Council officers responsible for purchasing goods and services must comply with this policy and it is the officer's duty to understand the meaning and intent of this policy.

Council officers are required to:

- follow the standards of the Local Government Act and the corresponding regulations;

- preserve Council’s integrity to ensure that Council may be seen to have acted beyond reproach in all procurement dealings; and
- abide by Council’s Code of Conduct and all applicable policies and instructions.

Purchase of goods and services must not be broken down in unreasonable components, or order quantities reduced, in order to avoid the necessity to comply with the dollar limit requirements under this policy.

Procurement must be in accordance with the adopted annual budget or a council resolution and sufficient funds must be available to meet the full cost of the proposed procurement.

All relevant communication undertaken in the procurement process must be recorded in Council’s electronic records system.

## Policy

### Procurement Types

Procurement shall be of the following types:

- Direct purchase – for standard supply costing not more than \$1,000.
- Quotation – written quotes for standard or non-standard supply costing not more than \$100,000.
- Local Buy – Local Government procurement portal supported by Queensland Local Government Association and meeting all requirements of NT Local Government Act 2014.
- Collective Procurement -
- Public Tenders – tenders called through public notice.

### Annual Period of Contract

Contracts entered into by the Council that span more than one financial year are treated as separate non-contiguous amounts for each financial year for the purposes of determining the tender or quotation requirements.

### Quotation Requirements

An item may be purchased without quotations if the total value of the item is below \$1,000 and the Purchasing Officer is confident that they are complying with their responsibilities and the objectives of this policy.

When purchasing with a requirement to seek quotations, the following rules apply:

- Purchases below \$1,000 – The Purchasing Officer can purchase directly provided that they are confident that they are complying with their responsibilities and the objectives of this policy.
- Purchases with a value of between \$1,000 but less than \$5,000 - The Purchasing Officer must seek at least two quotes, these quotes may be verbal.
- Purchases with a value between \$5,000 but less than \$10,000 - The Purchasing Officer must obtain three quotations at least one of which must be written.
- Purchases with a value between \$10,000 but less than \$100,000 - The Purchasing Officer must provide a minimum of three written quotes. The Director must verify the successful quote.

All quotations must be recorded in the procurement folder or against the electronic requisition record.



The Finance Unit must audit all purchases over \$10,000 for compliance with these requirements. This audit must occur within 7 days of the purchase.

The Finance Unit will audit selected purchases below \$10,000 for compliance.

Any non-compliance will be notified to the purchasing officer, their director and the CEO. Repeated non-compliance will result in removal of authority for the purchasing officer to procure items/services for Council until remedial training has been completed.

two ways :: one outcome

### Collective Procurement

In line with Part 13 Division 2 Local Government (Accounting) Regulations the following definitions and requirements apply for Collective Procurement.

#### Procurement Group

Two or more entities (a council; a local government subsidiary; LGANT) that propose to obtain supplies may form a group (a *procurement group*) to act collectively for the purpose of obtaining the supplies.

Before commencing to act as a procurement group, the entities in the group must enter into a written agreement (a *collective procurement agreement*) setting out the arrangements for the collective procurement by the group. If a procurement group complies with Division 2 Part 13 Local Government (Accounting) Regulations, a council that is in the group is not required to separately comply with Division 1 Part 13 Local Government (Accounting) Regulations.

#### Collective Procurement Agreement

A collective procurement agreement must set out:

- a) The entities that constitute the group; and
- b) The supplies that are to be obtained; and
- c) Which of the entities in the group is to be the lead entity for the group; and
- d) Any matters required for regulation 30D(2)(b) Local Government (Accounting) Regulations; and
- e) For regulation 30D(3) Local Government (Accounting) Regulations – the individuals who are to constitute the group's tender committee; and
- f) Multiple contract arrangements; and
- g) Partial acceptance arrangements; and
- h) The decision making process for acceptance of quotations or tenders for the group will be made, including any variations in that process necessary to accommodate the group's multiple contract arrangements and partial acceptance arrangements; and
- i) How administrative and other costs associated with the collective procurement are to be allocated between the members of the group; and
- j) The process for setting disputes between the entities in the group about the collective procurement; and
- k) The process by which the agreement may be terminated; and
- l) A copy of the collective procurement agreement must be made available to a prospective supplier or tenderer on request.

### Collective Procurement Group Tender Committee

In line with 30C(2) Local Government (Accounting) Regulations the committee must include at least one person representing each entity in the group. The person representing a council must be a member of the council or a member of the council's staff designated by the council for that purpose. And a member of the committee may be identified by name or as the person from time to time holding or occupying a named office, designation or position.

### Multiple Contract Arrangements

In line with 30C(3) Local Government (Accounting) Regulations multiple contract arrangements are arrangements as to whether the members of the group will consider quotations or tenders for the provision of supplies:

- a) Only under a single contract entered into by all members of the group; or
- b) Only under separate contracts entered into by each member of the group; or
- c) Under either a single contract or separate contracts.

### Partial Acceptance Arrangements

In line with 30C(4) Local Government (Accounting) Regulations partial acceptance arrangements are arrangements as to:

- a) Whether a quotation or tender received by the group may be accepted by some but not all entities in the group; and
- b) If a quotation or tender may be accepted by some but not all entities:
  - The amount or proportion of supplies being sought that relate to each entity in the group; and
  - What variation in the quotation or tender price will be allowed in the event of partial acceptance.

### Collective Procurement Procedure

The following provisions apply in relation to the obtaining of supplies by a procurement group as if the group were a council:

- a) Regulation 28 Local Government (Accounting) Regulations
- b) Regulation 29 Local Government (Accounting) Regulations, other than subregulation (2);
- c) Any other provision of the Act imposing requirements in relation to quotation or tendering procedures for a council.

Subject to subregulation (4), the group's functions under those provisions must be exercised:

- a) By the lead entity on behalf of the group; or
- b) If the collective procurement agreement provides for a function to be exercised in a different way – in the way provided in the agreement.

If the procurement group is required to call for tenders for a contract, a tender received in response to the call may only be opened in the presence of at least 3 members of the group's tender committee.

The decision as to which (if any) quotation or tender is accepted must be made in accordance with the collective procurement agreement.

### Local Buy

- A contractual arrangement established by Local Buy enables Council to purchase a diverse range of goods and services from Local Buy suppliers without tendering.
- Local buy is administered by the Local Government Association Queensland and provides an electronic portal to facilitate compliant purchasing for Councils in Queensland and the Northern Territory.
- While Council is not legally bound to use Local Buy's services, using Local Buy arrangements save significant time and money and are fully compliant with the NT Local Government Act 2014 and the Local Government Accounting Regulations 2014.
- Purchasing capacity is unlimited for goods and services through Local Buy.

### Public Tenders

Public tenders shall be called where the cost of supply may or will exceed \$100,000 (including GST).

Public tenders may be called where the cost of supply is less than \$100,000 where such a tender may:

- Improve competitiveness of supply.
- Ensure fairer opportunity to supply.
- Provide better quality of supply.
- Result in better timeliness of supply.

Public tenders shall be called by public notice identifying:

- A description of the supply.
- Where tender documentation can be obtained from.
- Contact name and details of the person from whom information is released.
- The tender closing date and time.

Public tenders may be called for fixed price supply and for supply via schedules of unit rates.

Where goods or services are procured through the National Procurement Network of Local Government (NPNLG) and where an exemption from section 31 of the Local Government (Accounting) Regulations has been granted, the procurement process conducted by NPNLG meets the procurement requirements associated with a Public Tender, and supply may be obtained using a single quotation where Central Desert Regional Council has registered as a User of Contract with NPNLG.

### Public Notice

A public notice shall be one or more of the following with reasonable public access and distribution:

- A notice in a newspaper.
- A notice on television.
- A notice on the Central Desert Regional Council website.

### Tender Management

All public tenders will be managed through the Council's electronic tender facility.

### Lodgment of Tenders

All tenders will be lodged through the Council's electronic tender system.

Tenders are to be lodged by the tender closing date and time identified on the request for tender.

Where no tender closing date and time is identified, tenders shall be closed at a reasonable period following the public notice being not less than five full working days.

### Opening of Tenders

A tender received in response to a public tender shall be opened in the presence of:

- The council itself, or
- A tender committee comprising 3 members of the council's staff as delegated by the council to open and assess the tenders and report to the council on the tenders.

The tender box shall be opened as soon as practicable following the close of the tender.

The tender committee shall record and certify the receipt of each tender.

### Tender Committee

The tender committee shall comprise a minimum of 3 council's staff and shall comprise the following:

- The Chief Executive Officer, or the relevant Director who shall chair the committee, and;
- A member of the finance unit, and;
- An officer with expertise in the supply being tendered.

### Assessment of Tenders

Assessment of tenders shall be undertaken by the tender committee.

Where a value weighted assessment method is used the tender committee shall ensure that the value weighted items are appropriate and commensurate with supply being assessed and the principles of this policy. And further, that value weighted assessment does not unfairly or inadvertently advantage one potential supplier over another.

Where mandatory and value weighted assessment criteria have been defined in the tender conditions, the tender assessment committee shall ensure that these criteria have been assessed.

The tender committee shall ensure that it shall not inadvertently display or otherwise communicate to competitors' information about the tender and its assessment.

Officers engaged in tendering and purchasing shall at all times demonstrate that open competition and fair and ethical procedures have been employed throughout the process, and that the selection process is objective and impartial.

The tender committee shall ensure that no member has a direct or indirect personal interest in the outcome of the tender assessment.

In making a recommendation about a tender the tender committee shall certify that they have no direct or indirect personal interest in the outcome.

The tender committee will forward recommendations for tenders exceeding \$100,000 to the Chief Executive Officer for approval by resolution of the Council.



two ways :: one outcome

## Awarding of Tenders

Where a contract is to be awarded in response to a tender for an amount exceeding \$100,000 the Council shall approve the recommendation to enter into contract through a resolution passed at a general or special council meeting.

If the Council resolves not to award a contract through a resolution passed at a general or special council meeting the council may resolve to:

- Postpone the proposal to enter into contract.
- Cancel the proposal to enter into contract.
- Call for a new tender based on the same or varied terms and conditions.

If the Council accepts a tender for the provision of supplies to the Council at a cost of more than \$100 000, it must give public notice containing the following information about the successful tender:

- The name of the person who submitted the successful tender.
- The tender price.
- The supplies to be provided under the contract.

## Confidentiality

All tender and purchasing information is to be considered confidential and is not to be released to others except to the extent of information issued by public notice.

Where information has been provided to the Council on a confidential basis it should be treated as commercial-in-confidence and restricted to persons concerned with the specific purchase or contracts.

## Exemptions from Quotation and Tender Requirements

In line with Section 30 Local Government (Accounting) Regulations quotations and tenders are not required for the following situations:

- Purchase of land;
- Consultancy or other professional services (provided that the service is non-continuous);
- Travel and accommodation;
- If the Minister dispenses, in a particular case, with the requirement to call for quotations or tenders;
- If the supplies are to be obtained under a contract to which any of the following is a party:
  - a) the Territory
  - b) the Commonwealth
  - c) a State or another Territory
  - d) another council
  - e) a local government subsidiary
  - f) LGANT

This only applies for (d), (e) and (f) if the supply has been authorised by resolution of the council; and notice of the resolution has been published on the council's website.

Furthermore under Section 31 Local Government (Accounting) Regulations Council can make an application to the Department of Local Government to refrain from the quotation and tender obligations.

All requests for quotation and tender exemption must be submitted to the CEO.

### Support of Local Business and Apprentices

Council is committed to buying from local businesses where such purchases may be justified on Value for Money grounds, whilst remaining compliant with the Competition and Consumer Act 2010 and other fair trading legislation requirements. Wherever practicable, Council will give effective and substantial preference to contracts for the purchases of goods, machinery or material manufactured or produced in Australia and to contractors that demonstrate strong Indigenous employment levels. Wherever practicable, Council will fully examine the benefits available through purchasing goods, services or works from suppliers/contractors within the region. Council will also seek from prospective suppliers/contractors, where applicable, what economic contribution they will make to the region. A weighting percentage up to a maximum value of 20% will be assigned to this criteria element. The percentage applied to any procurement will be determined by the quotation or tender evaluation panel.

Such examples may include:

- Engaging and contracting with local suppliers
- Engaging local sub-contractors
- Suppliers/contractors participation in any apprenticeship schemes or employment of apprentices
- Contributing to the financial, social and environmental well-being of the region
- Enable the business expansion, growth and servicing of local business and contractors.
- Existing local business

### Anti Avoidance

The Council shall not enter two or more contracts of a similar nature for the purpose of splitting the value of the contracts to take the value of consideration below the level of \$100,000, thereby avoiding the need to publicly tender.

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### Approval and revision history

Date	Comment
Oct 2011	Adopted by Council CRN 199/2011
Aug 2015	Revised in accordance with Guideline 4 – adopted by Council (OC121/2015)
25 January 2017	Revised policy adopted by Council (CRN OC011/2017)

### Related Documents

Financial Delegations