

# 104 Procurement Policy

## Statutory Policy



### PURPOSE

- 1) The purpose of this *Procurement Policy* (this policy) is to provide North Burnett Regional Council and Council officers with a framework for managing procurement that ensures compliance with statutory requirements, ensures an efficient and effective process for managing procurement, and reduces the risks of fraud and corruption.

### SCOPE

- 2) This policy applies to all Councillors and employees and covers all procurement activities that result in the commitment and expenditure of Council funds and the disposal of assets.
- 3) Council has adopted this policy as outlined in Chapter 6, Part 3 of the *Local Government Regulation 2012*.

### DEFINITIONS

| Term                        | Definition  |
|-----------------------------|---|
| <b>Council</b>              | Means North Burnett Regional Council.   |
| <b>Financial Delegation</b> | Means a formal delegation allowing an employee to authorise / approve expenditure or reimbursement of money within an approved budget and delegation limit.   |
| <b>Local Business</b>       | Means a supplier that: <ul style="list-style-type: none"><li>• Is beneficially owned and operated by persons who are residents or ratepayers of the Council area; or</li><li>• Is a registered business or individual that has a principle place of business within the Council area; or</li><li>• Has a place of business within the Council area which solely or primarily employs persons who are residents or ratepayers of the Council area.</li></ul> |

### POLICY

#### OBJECTIVES

- 4) The objectives of this *Procurement Policy* are to:
  - a) Ensure compliance with the *Local Government Act 2009* and *Local Government Regulation 2012*;
  - b) Conduct Council procurement within a sound governance and probity environment; and
  - c) Support the cost-effective and timely delivery of Council's capital works, operational and service delivery programs.

#### PRINCIPLES

- 5) The *Local Government Act 2009* sets out "sound contracting principles" that Council is to have regard to when entering into a contract being:
  - a) Value for money;
  - b) Open and effective competition;
  - c) The development of competitive local business and industry;
  - d) Environmental protection; and
  - e) Ethical behaviour and fair dealing.

#### POLICY STATEMENT

- 6) Matters that are to be considered in any Council procurement are outlined below.

### ***Value for Money***

- 7) Council aims to obtain Value for Money in its procurement in that the goods, equipment or services being procured represent the best return and performance for the money spent from a “total costs of ownership” or “whole-of-life costs” perspective. The result of using such an evaluation methodology to assess Value for Money may not necessarily favour the lowest price. All impacts of entering into a contract at a particular price must be considered.

### ***Open and Effective Competition***

- 8) Council promotes Open and Effective Competition by:
- a) Procurement procedures and processes being available to Council suppliers and the public (i.e. rate payers and the local community);
  - b) Suppliers having real opportunity to do business with Council;
  - c) Invitations to suppliers being arranged so that there is competition among suppliers to provide Value for Money offerings; and
  - d) Fair and equitable assessment of all offers to supply.

### ***Development of Competitive Local Business and Industry***

- 9) Council encourages development of competitive local business and industry by:
- a) Actively seeking out potential local supplies and suppliers and where applicable, encourage local business to provide a quote;
  - b) Encouraging principal contractors to give local suppliers every opportunity, to participate in major projects as partners or subcontractors;
  - c) Giving preference to locally-sourced goods and services, where price, performance, quality, suitability and other evaluation criteria are comparable;
  - d) Ensuring that payments are prompt and in accordance with the agreed terms of contract; and
  - e) Giving consideration to the advantages of buying locally-sourced goods and services, and to dealing with local suppliers, including:
    - i) Spare parts and servicing support are more readily available;
    - ii) Compliance with warranty provisions is more reliable;
    - iii) Supply lines are shorter; and
    - iv) Communications for contract administration are more convenient.

### ***Local Preference***

- 10) A local business preferential weighting to the “Price” evaluation criteria of a procurement assessment is to be applied at the following rates:
- 10% for purchases to the value of \$50,000 (excluding GST)
  - 5% for purchases over the value of \$50,000 (excluding GST).

### ***Environmental Protection***

- 11) Council promotes environmental protection through its procurement activities. In undertaking any procurement activities, the Council will:
- a) Prefer the purchase of environmentally friendly goods and services that satisfy value for money criteria when the environmental cost is included;
  - b) Foster the development of products and processes of low environmental and climatic impact;
  - 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.

### **Ethical Behaviour and Fair Dealing**

- 12) Council supports Ethical Behaviour and Fair Dealing by:
- a) Developing systems and procedures that ensure a consistent, ethical and fair approach to procurement and allows for the transparent disclosure of conflicts of interest; and
  - b) Promoting professional, ethical and fair procurement practices.

### **PROCUREMENT PROCEDURES**

- 13) Procedures that apply to all Council procurement are outlined in the associated Procurement Procedures.

### **ROLES AND RESPONSIBILITIES**

#### **Delegations**

- 14) Delegated officers are responsible for ensuring that only approved items are acquired against programs and that expenditure is only committed where it is within the constraints of the budget or Council resolution.
- 15) Delegated officers can commit Council funds by:
- a) Authorising payment of progress claims for contract works;
  - b) Authorising purchase requisitions;
  - c) Authorising payment request forms;
  - d) Authorising corporate card purchases; and
  - e) Entering into a contract or contractual arrangement.
- 16) Financial delegations shall be limited to authorised signatories whose delegations have been granted in accordance with the parameters listed below (excluding GST).
- 17) Authorisation levels are:
- a) Level A Authorisation: unlimited if provided in current year budget;
  - b) Level B Authorisation: \$200,000;
  - c) Level C Authorisation: \$100,000;
  - d) Level D Authorisation: \$50,000;
  - e) Level E Authorisation: \$15,000;
  - f) Level F Authorisation: \$5,000;
  - g) Level G Authorisation: \$500.

### **APPLICABLE LEGISLATION AND REGULATION**

- 18) *Local Government Act 2009*  
19) *Local Government Regulation 2012*

### **RELATED DOCUMENTS**

- 20) Related documents to this policy are Council's Procurement Procedures.

### **RESPONSIBLE OFFICER**

Chief Executive Officer

### **APPROVAL DATE**

22/07/2020

### **REVIEW DATE**

22/07/2021 (Annual review)

### **REVISION HISTORY**

| <b>Version</b> | <b>Meeting</b> | <b>Date</b>  | <b>History</b>                     |
|----------------|----------------|--------------|------------------------------------|
| 1              | 22 July 2020   | 22 July 2020 | New policy and separate procedures |