

Procurement

Council Policy 125



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Policy Number	CP125
Area Responsible	Financial Management
Strategic Plan Reference	Regional Plan 2017-2021: 4. A Supportive Organisation
Approval date	15/12/2017
Minutes Reference	OCM 15/12/2017 Item 13.2
Last Reviewed	23 February 2018
Next Review Date	February 2022 - <i>Review every four (4) years or after changes to relevant legislation</i>

1. Purpose

This policy is to provide direction for an efficient procurement process that conforms to regulatory requirements.

2. Scope

MacDonnell Regional Council's (MRC) Procurement Policy applies to the procurement activities including purchasing, ordering, tendering and contracting made by Council.

These procedures do not apply to sponsorship, donations, employment contracts or disposals.

3. Objectives

Key principles of this policy are that all procurement activities will be conducted in accordance with the following principles:

- probity and transparency;
- value for money;
- open and effective competition;
- environmental protection;
- Health and Safety;
- MacDonnell Regional Council Code of Conduct; and
- promoting Indigenous employment.

4. Location based advantage

In support of local, regional and State businesses and subject to Council's procurement policy and product or service specifications, Council will give a competitive advantage when sourcing products and services, as follows:

<u>LOCATION</u>	<u>WEIGHTING ADVANTAGE</u>
MRC Local Government area based businesses	15%
Local Government area of Alice Springs Town Council	10%
Businesses located in the Northern Territory but outside of the previously mentioned areas	5%

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4.1 Purchase Values

The relevant value, for the purpose of this policy, is simply the face value of the purchase or contract (incl. GST). However, in some instances the value may need to be determined in a different way. The following table clarifies how to determine the relevant value:

Activity	Delegations Value
Approving a period contract	The anticipated total expenditure inclusive of extension options and forecast price adjustments
Approving a panel contract	The anticipated total expenditure across all firms in the arrangement, inclusive of any extension options
Exercising a contract option	The net value of the option itself not the new total contract value
Approving a variation	The value of the variation being approved not the new total contract value and not the accumulative value of the variations to date.

- Variations may increase the scope of a contract and consequently increase the level of financial commitment. Discretionary variations must be approved by an officer with a delegation limit sufficient to cover the value of the variation.
- All procurement is subject to approved budgets. These procurement policy values and delegation limits operate in addition to (not in place of) any budget constraints.

Purchase Value	Quotes needed
< \$1,000	No quotes needed
\$1,000 - \$10,000	Minimum one (1) written quote - two (2) where possible
\$10,000 - \$100,000	Three (3) written quotes
> \$100,000	Tender

4.2 Attractive Items

A portable and attractive item is a non-consumable item that has a value below \$5,000 (assets above this should be capitalised) and an item that is susceptible to theft or loss due to its portable nature and attractiveness for personal use or resale. Examples of portable and attractive items are: laptop computers, mobile phones, cameras, projectors, televisions, power tools, household goods, portable fridges, small electronic devices e.g. iPads and bikes.

4.3 Delegations

Financial and other delegations are provided under the Council's delegations. Authorisations of purchase requisitions must be within an authorised officers approved delegated authority which can be found in the MacDonnell Regional Council's Delegations Manual.

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If purchasing an item or service which is primarily administered by another department, the purchaser will consult with the Manager or Director of the relevant department, before a purchase is made.

4.4 Purchases Under \$1,000

Any purchases under \$1,000 do not require any quotes; however, this policy's objectives including value for money must be adhered to.

4.5 Quotations

- 4.5.1** The Responsible Officer shall seek written authority from their Director prior to any commitment being made to purchase a new asset which has a cost of greater than \$5,000. Any item above \$500 needs to be entered onto the Portable and Attractable Items Register, if deemed to be a portable attractive item.
- 4.5.2** Where a financial transaction for goods or services is valued at greater than \$1,000 and no more than \$10,000 the Responsible Officer is required to request **One (1) written quote**. Note this is a minimum and where possible written two (2) written quotes should be obtained.
- 4.5.3** If the council proposes to obtain suppliers at a cost of more than \$10,000 but no more than \$100,000, the Responsible Officer must obtain written proposals from at least three (3) suppliers and then choose a supplier from amongst those submitting written quotations, in accordance with Accounting Regulation 28.
- 4.5.4** If it is not practical to obtain quotations from 3 suppliers, the Responsible Officer / Council must obtain as many as possible and must record in writing the reasons for not obtaining 3 quotations.
- 4.5.5** Quotations are to clearly identify GST separately.
- 4.5.6** In assessing a quotation consideration should be given to best value as well as best price, including an allowance for up to 10% weighting for price for a local supplier.
- 4.5.7** Having assessed the quotations received against best value and best price, where the Responsible Officer recommends a supplier's quotation which is not based on best price, an explanation is to be provided in writing to a Manager or Director who has the delegation for that level of expenditure. That Manager and/or Director is required to authorise the procurement request in writing as well as the authorisation for payment.

4.6 Tenders

- 4.6.1** The Council cannot enter into a contract for the provision of supplies to the Council at a cost of more than \$100,000, unless it has first called for tenders for that contract by public notice.
- 4.6.2** Prior to the advertising and public availability of tender documents, they are to be authorised by a Director.
- 4.6.3** The tender documents should comprise, but not be limited to:
- details of the goods or services to be delivered under the contract;
 - undertakings, deeds, warranties, insurances, securities, etc., required to be lodged with the tender;
 - other particular requirements relating to performance of the works or services;
 - a statement that tenders are to clearly identify GST separately;
 - A statement that all tenders shall be submitted in writing and submitted on Tenderlink;

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- A statement that the Council will not be bound to accept the lowest or any tender;
 - notice that a successful tenderer's name, the tender price and details of goods or services supplied under contract will be published, pursuant to regulation 29(3) of the Accounting Regulations; and
 - a form of tender and conditions of tendering.
- 4.6.4** The tender shall be open for a minimum period of two (2) weeks and shall be advertised each week in one local newspaper.
- 4.6.5** The tender open period is deemed to commence at the date of the first advertisement that appears in the printed media.
- 4.6.6** The Chief Executive Officer can decrease the tender period at his/her discretion.
- 4.6.7** A virtual tender box will be placed online at Tenderlink and is to be secured with a virtual key with restricted access.
- 4.6.8** Tenders shall close in accordance with the guidelines contained in Australian Standard number AS4120 Code of Tendering, as follows:
- not earlier than 2.00pm;
 - not on a Monday or day following a public holiday;
 - at least one clear day after a weekend and at least one week after the recognised industry Christmas close down;
 - any tenders received after the closure of tenders will be rejected, with the exception that the Chief Executive Officer can authorise the submission of a late tender where extreme circumstances is proved by a tenderer in writing. In this instance no tenders are to be opened prior to the expiration of the extension time; and
 - tenders shall be opened as soon as practicable after the tender closure time and a decision should be made within one month of tender close time.
- 4.6.9** A tender received in response to a public notice may only be opened in the presence of either the Council itself or a committee of 3 members of the Council staff delegated by Council to open and consider the tenders and report to the Council on the tenders. A written report to Council on the tenders and with a recommendation as to the successful tender shall be submitted at a Council Meeting.
- 4.6.10** If 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; and
 - the supplies to be provided under the contract.

Public notice is given by publishing the information on Council website and separate notices to all tenderers.

4.7 Quotations and Tenders not required in certain circumstances

- 4.7.1** In accordance with the Act, circumstances may arise where quotes and tenders may not be sought, however a Council Officer must obtain the written approval of a Director to proceed in all exceptions to the policy. The potential exceptions are outline below.

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Quotations or tenders are not required for the following:

- the provision of supplies relating to the purchase of land; a consultancy or other professional services as defined in General Instruction no 4; or travel and accommodation;
- the Minister dispenses, in a particular case, with the requirement to call of quotations or tenders;
- the supplies are to be obtained under a contract to which the Commonwealth, the Territory or a State is a party; and
- if the supplies are to be obtained under a contract to which another Council, a local government subsidiary or LGANT is a party, and if the supply has been authorised by resolution of the Council; and notice of the resolution has been published on the Council's website.

4.7.2 In some circumstances an urgent purchase may be required to meet Council's obligations in regard to safety, asset protection, environmental protection or critical service provision. If such a situation arises and there is insufficient time to comply with procurement policy or delegations limits then the most senior officer available may approve an emergency procurement exercise. All emergency procurement exercises shall be documented and reported to the relevant Director at the first possible opportunity.

4.7.3 Where a panel or period contract is in place, procurement of supplies may be made against the panel contract without the need to call for quotations or issue a tender, providing that the supplier of goods and/or services is an approved member of the relevant panel contract. However a quotation or tender is still to be called for when setting up the initial panel or period contract. In line with General Instruction No 4, no panel or period including any option period can extend past a 3 year term.

4.7.4 A contractual arrangement established by Local Buy enables Council to purchase a diverse range of goods and services from Local Buy suppliers without separately 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. Using Local Buy is fully compliant with the Council's policy assuming LGANT is a party to the contract.

4.7.5 For a step by step procedure of purchasing goods and services, please refer to the Purchase Requisition Procedure.

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5 Legislation and References

Related Legislation	Local Government Act, Local Government (Accounting) Regulations Section / Regulation 28, 29, 30C (2)(b), 32 and 102, General Instruction no 4 – Procurement.
Related Policies	MacDonnell Regional Council Delegations Manual
Related Procedures	MacDonnell Regional Council Purchase Requisition Procedure, MacDonnell Regional Council Asset Management Procedure
Associated Documents	Attractable Items Register

6 Delegation and Implementation

Delegate	Director Corporate Services
Implementation Officer	Finance Officer - Purchasing

7 Administration

EDRMS Doc Id	150279
On Internet	21/03/2018

8 Version Control

Version No	Date Changed	Modified By	Details and Comments
1.0	July 2016	D Teudt	Reviewed.
2.0	December 2017	E Brown	Grammatical updates and content changes.
2.1	February 2018	E Brown	Inclusion of geographic price advantages given to MRC, Alice Springs and NT businesses.