



BOULIA SHIRE COUNCIL

PROCUREMENT POLICY

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Summary:	The purpose of this policy is to ensure that Council is using sound contracting principles in relation to the purchase of goods and services.
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Related documents:	<p>ATO Statement by Supplier form no. 17 Request for Quotation (Verbal) form no. 34 Contractor Performance Checklist form no. 59 Councillor Reimbursement form no. 24 Delivery of goods form no. 50 Payment Request Approval form no. 4 Purchasing Delegation Conflict of Interest Declaration form no. 44 Tender Declaration form for Tender Evaluation Assessment Panel Member form no. 55 Assessing Quotes Template Council's Tender Register WHS – Safety Management System (Purchasing & Suppliers Controls) WH&S Policy Statement Policy 140 – Statement of Business Ethics Policy 141 – Conflict of Interest Policy Policy 146 – Code of Conduct</p>
Responsible Section:	CEO
Responsible Officer:	Director of Corporate & Financial Services
Legislation:	Local Government Act 2009, Local Government Regulation 2012, WHS Act & Regulation 2011, Work Health and Safety Consultation Code of Practice 2011



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OBJECTIVE

To provide Council and its Officers with a framework for procurement activities that ensures compliance with requirements of the *Local Government Act 2009*, *Local Government Regulation 2012* (LGR) and *Workplace Health and Safety Act, Regulations 2011*, *Work Health, and Safety Consultation Code of Practice 2011*.

SCOPE

This document covers all activities that result in the commitment and expenditure of Council monies.

POLICY

This Policy is in three sections:-

1. Purchasing Principles
2. Purchase Procedures
3. Voucher and Cheque Authorisation

PURCHASING PRINCIPLES

In accordance with the *Local Government Act 2009*, Sect 104 all Council purchases shall be determined while having regard to the following principles:

1. VALUE FOR MONEY

The objective of obtaining Value for Money is that the goods, equipment or services being procured represent the best return and performance for the money spent from a “total cost 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.

2. OPEN AND EFFECTIVE COMPETITION

Open and Effective Competition is achieved by:

- (a) Procurement procedures and processes being visible to Council suppliers, and the public (i.e. rate payers and the local community)
- (b) Delegates accepting their accountability to the Chief Executive Officer and Council
- (c) Suppliers having real opportunity to do business with Council
- (d) Invitations to suppliers being arranged so that there is competition among suppliers to provide Value for Money offerings
- (e) Delegations, authorisations and associated financial thresholds being appropriate for the level of judgement expected of individual Officers
- (f) Fair and equitable assessment of all tenders



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3. THE DEVELOPMENT OF COMPETITIVE LOCAL BUSINESS AND INDUSTRY

Encouragement of the development of competitive local business and industry is achieved by:

- (a) Actively seeking out potential local supplies and suppliers
- (b) Encouraging prime contractors to give local suppliers every opportunity, as partners or subcontractors, to participate in major projects
- (c) Ensuring that the principles of open and effective competition are applied, and equal treatment is given to local offers, when being compared with other offers, on the basis of fair and equitable behaviour
- (d) Giving preference to locally sourced goods and services, where price, performance, quality, suitability, and other evaluation criteria are comparable
- (e) Ensuring that payments are prompt and in accordance with the agreed terms of contract
- (f) Giving points-weighting to the advantages of buying locally sourced goods and services, and to dealing with local suppliers, including:
 - more readily available spare parts and servicing support
 - more reliable compliance with warranty provisions
 - shorter supply lines
 - more convenient communications for contract administration
 - benefit to Queensland and Australia from the transactions occurring (including transport, distribution, finance, etc.) and the employment created locally
 - general benefit to Queensland and Australia from on-going Government support given to local manufacturing, construction, and service industries

4. ENVIRONMENTAL PROTECTION

The objectives of Environmental Protection are consistent with the Council's commitment to sustainable development, by promoting purchasing practices that conserve resources, save energy, minimise waste, protect human health and maintain environmental quality and safety.

The objectives are:

- (a) To maximise the purchase of environmentally sensitive goods and services
- (b) To provide leadership to business, industry, and the community in promoting the use of environmentally sensitive goods and services
- (c) Where appropriate, ensuring that specifications require suppliers to conform to necessary standards, codes, or legislation for the identifications of hazardous materials and that suppliers carry proper certification and registration procedures
- (e) Enforcing bans and/or phase-out timetables on the use of products prohibited under Queensland and applicable Commonwealth laws, including those laws ratifying international treaties and other agreements
- (f) Using lifecycle costing for all purchases (including constructing projects), rather than initial purchase cost. This would, among other things, favour high durability goods and thereby minimise waste.
- (g) Avoiding, wherever possible, the purchase of known hazardous and environmentally damaging products, especially where alternatives are available within reasonable bounds of price, performance, and suitability



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5. ETHICAL BEHAVIOUR AND FAIR DEALINGS

Ethical Behaviour and Fair Dealing are achieved by Officers:

- (a) Performing their duty impartially, un-influenced by the receipt or prospects of threats, reprimands, or rewards
- (b) Not accepting or seeking gifts or other favours
- (c) Not entertaining approaches from suppliers that might be interpreted as attempts to influence the evaluation process
- (d) Ensuring that their private interest do not conflict with their public duties
- (e) Maintaining high standards of accountability
- (f) Developing systems and procedures that ensure a consistent approach to procurement
- (g) Promoting professional procurement practices

PROCUREMENT PROCEDURE

The *Local Government Regulation 2012* identifies three categories of contracts;

1. **Minor Contracts:** Contractual arrangements the value of which is less than \$15,000 (Net GST) in a financial year or over the term of the contract.
2. **Medium Sized:** Contractual arrangements the value of which is expected to be greater than \$15,000 but less than \$200,000 (Net GST) in a financial year or over the term of the contract.
3. **Large Sized Contracts:** Contractual arrangements the value of which is expected to be greater than \$200,000 (Net GST) in a financial year or over the term of the contract.

Where the expected value of a contractual arrangement with a supplier for a financial year or over the term of the contractual arrangement is the total value of all the local government's contracts with the supplier for goods and services of a similar type under the arrangement. (Sect 224 (4) LGR)

ETHICAL BEHAVIOUR

Council's Code of Conduct dictates expectations of behaviour and conduct for all staff.

Invitation thresholds have been set within this Policy to ensure proper controls and checks are carried out on all procurement activities. An Officer shall not break down a procurement of products into its various components or reduced quantities in order to avoid the necessity of obtaining the prescribed approvals.

PROCUREMENT ARRANGEMENTS

In accordance with the *Local Government Regulation 2012* three types of purchasing arrangements may be established which allow individual purchases without the need to obtain tenders or quotations for **medium or large contractual arrangements**.

These are:

- (a) Preferred supplier arrangements or standing offer arrangements.



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- (b) Approved contractor list of pre-qualified suppliers; and
- (c) Purchases made under a LGAQ arrangement or with or under an arrangement with a government agency (e.g LGAQ - Local Buy/ VendorPanel /NexGen, State and Commonwealth Contracts to which Local Government is eligible).

The preferred supplier and standing offer arrangements can be used where there are frequent or regular purchases of similar items e.g. stationery. A preferred supplier arrangement would contain a pricing structure (e.g. 10 % below retail, or parts at cost plus 5%, labour at \$45.00 per hour). A standing offer would state fixed price per unit.

Registers of pre-qualified suppliers can be set up where it is necessary to ensure that a supplier is capable of meeting Council's requirements before the precise nature of the requirement is known.

In each case the procedure is to call tenders, by advertisement, for the particular arrangement being set up. The tenders are assessed in exactly the same way as single tenders and must take in to account the five principles as outlined above.

Minor Contractual arrangements: Whilst the legislation only refers to medium and large contractual arrangements, Council staff exercising delegated authority to enter into contracts must have regard to the five principles and this policy framework and cannot split contracts to avoid having to call for quotations or tenders.

LOCAL PREFERENCE POLICY

As it is Council's intention to encourage the development of competitive local business and industry within the Shire, in accordance with sect 104(3), Local Government Act Officers involved in procurement activities are to encourage local business to quote in competition with businesses operating outside the shire boundary.

For the purposes for this policy a "Local Supplier" is one who is a ratepayer and/or has business premises and/or lives in the Shire. In determining the successful quotation, a local preference margin of up to 10% may be applied to all offers received from businesses that qualify as a "Local Supplier".

The application of this margin on purchases over \$50,000 shall be by resolution of Council.

STATUTORY POLICY FRAMEWORK

MEDIUM CONTRACTURAL ARRANGEMENTS: BETWEEN \$15,000 AND \$199,999 (Net / exclusive of GST)

If purchase is not through a purchasing arrangement as provided for in this policy, then the Council must:

1. Invite written quotes for the contract.
2. The written invitation must be given to at least three (3) persons who can meet the requirements.
3. Can decide not to accept any of the quotations received or



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4. Must accept the quotation most advantageous to the Council having regard to the sound contracting principles (sect 225 LGR).

LARGE CONTRACTUAL ARRANGEMENTS: \$200,000 AND OVER (Net / exclusive of GST)

If purchase is not through a purchasing arrangement as provided for in this policy, then the Council must undertake a tender process prior to awarding a contract. The tender process can be for Expressions of Interest (EOI) followed by selective Tender or general tender. In either case the process must involve:

1. Advertisement on Council's website and at least one other form of publication, allowing a **minimum 21 days** from the date of publication.
2. If seeking EOI then prepare short list for invitation to tender and
3. Can decide not to accept any of the Tenders received or
4. Must accept the Tender most advantageous to the Council having regard to the sound contracting principles (sect 228 LGR).
5. Information resulting from any conversation with a Tenderer, that maybe beneficial to other Tenderers, will be released to all Tenderers.

EXCEPTIONS

Chapter 6, part 3, division 3 of the *Regulation* identifies exceptions for procurement under \$15,000 along with medium and large-sized contracts. If one of the exceptions applies, *Council* may enter into:

- (a) a purchase with a value less than \$15,000;
- (b) a medium-sized contract without first inviting written quotes; or
- (c) a large-sized contract without first inviting written tenders.

The exceptions are:

- a) the preparation of a quote or tender consideration plan in accordance with the requirements of section 230 of the *Regulation*; and
- b) entering into a contract if the contract is made with a person who is on an approved contractor list established by *Council* in accordance with the requirements of section 231 of the *Regulation*; and
- c) entering into a contract if the contract is entered into with a supplier from a register of prequalified suppliers established by *Council* in accordance with the requirements of section 232 of the *Regulation*; and
- d) entering into a contract for goods or services if the contract is entered into with a preferred supplier under a preferred supplier arrangement that is made in accordance with the requirements of section 233 of the *Regulation*; and
- e) entering into a contract under a LGA arrangement established in accordance with the requirements of section 234 of the *Regulation*; and
- f) entering into a medium-sized contract or a large-sized contract if:
 - i. *Council* resolves that it is satisfied that there is only one supplier who is reasonably available; or
 - ii. *Council* resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for *Council* to invite quotes or tenders; or
 - iii. a genuine emergency exists; or
 - iv. the contract is for the purchase of goods and is made by auction; or



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- v. the contract is for the purchase of second-hand goods; or
- vi. the contract is made with, or under an arrangement with, a government body.

PROCUREMENT PROCEDURE

PROCUREMENT OF GOODS AND SERVICES LESS THAN \$200,000 (Net / exclusive of GST)

Purchase orders are to be generated for all contracts of goods and services prior to the procurement with a value of less than \$200,000 other than:

- (1) long-term utility contracts (Ergon, Telstra, Teletrac, etc), or
- (2) long-term IT licencing / subscriptions / memberships / vehicle registrations / insurances / auditing expenses, or
- (3) by purchase card (credit card), or
- (4) reimbursement of employee for Council expense (as agreed by Supervisor), or
- (5) petty cash.

The purchase of goods and services that are not part of an approved budget must be authorised by the Chief Executive Officer.

PROCEDURE FOR RECORDING QUOTE INFORMATION

1. All verbal quotes are to be written up on the [Request for Quotation \(Verbal\) form no 34](#).
2. All requisitions/purchase orders must be recorded in the notes section, details of the successful quote number (if numbered) or in the case of Local Buy the Vendor Panel or BSU number and attach the quote to the requisition raised.

INVITATION THRESHOLDS

The following are Council's minimum requirements for the calling or obtaining of goods and services less than \$200,000 (**GST exclusive / net**).

SMALL PURCHASES UNDER \$15,000 (Net / excluding GST) - no specific legislative guidance

As a guide, only the following processes would generally apply but may be varied according to each specific situation or project:

Petty Cash

Up to \$50.00 may be spent out of petty cash, except as defined / authorised otherwise by the CEO in accordance with Petty Cash Procedures.

Less than \$500 (Net / exclusive of GST)

The Officer should use best judgement using catalogues or sales brochures as guide to purchasing and seeking estimates where reasonably practical to do so. Details of all quotations sought shall be clearly documented on the [verbal quote form no. 34](#) including the price, name, address and telephone number of providers and any terms/conditions that apply to the offer.



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A copy of the quotes are to be attached to the requisition raised in SynergySoft / Altus requisitions.

The Requisitioning Officer and the Approving Officer of the order can be the same person as long as they hold a Financial Delegation as per H:\1. Governance\REGISTERS\Registers 2024-25.

Greater than \$500, less than \$5,000 (Net / exclusive of GST)

The Officer should use best judgement using catalogues or sales brochures as guide to purchasing and seeking estimates where reasonably practical to do so. Details of all quotations sought shall be clearly documented on the [verbal quote form no. 34](#) including the price, name, address and telephone number of providers and any terms/conditions that apply to the offer.

A copy of the quotes are to be attached to the requisition raised in SynergySoft / Altus requisitions.

The Requisitioning Officer and the Delegate approving the order **must not be the same person**. Financial delegations as per H:\1. Governance\REGISTERS\Registers 2024-25.

Greater than \$5,000, less than \$10,000 (Net / exclusive of GST)

The Officer should use best judgement using catalogues or sales brochures as guide to purchasing and seeking estimates where reasonably practical to do so. Details of all quotations sought shall be clearly documented on the [verbal quote form no. 34](#) including the price, name, address and telephone number of providers and any terms/conditions that apply to the offer.

A copy of the quotes are to be attached to the requisition raised in SynergySoft / Altus requisitions.

[Form no. 105 procurement record form](#) is to be completed and attached to the requisition with quotes and other relevant paperwork.

The Requisitioning Officer and the Delegate approving the order **must not be the same person**. Financial delegations as per H:\1. Governance\REGISTERS\Registers 2024-25.

\$10,000 up to \$15,000 (Net / exclusive of GST)

At least two (2) verbal, written or email quotations are to be sourced.

Details of all verbal quotations sought shall be clearly documented on the [Request for Quotation \(verbal\) form no. 34](#) detailing the price, name, address and telephone number of providers and any terms/conditions that apply to the offer and attached to the requisition raised in SynergySoft / Altus requisitions.

The most advantageous to Council shall be selected. [Form no. 105 procurement record](#) is to be completed and attached to the requisition with quotes and other relevant paperwork.

The Requisitioning Officer and the Delegate approving the order **must not be the same person**. Financial delegations as per H:\1. Governance\REGISTERS\Registers 2024-25.



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\$15,000 up to \$80,000 (Note section 225 LGR applies) (Net / exclusive of GST)

At least three (3) written or email quotations are to be invited by the Officer.

Manual copies of all written quotations should be attached and detailed on the Council requisition in SynergySoft / Altus requisitions.

The most advantageous to Council shall be selected. [Form no. 105 procurement record](#) is to be completed and attached to the requisition with quotes and other relevant paperwork.

The Requisitioning Officer and the Delegate approving the order **must not be the same person**. Financial delegations as per H:\1. Governance\REGISTERS\Registers 2024-25.

\$80,000 up to \$199,999 (Net / exclusive of GST)

A formal specification is to be prepared and written quotations are to be invited by the Officer through a public advertising process on Council's website, email blast and Facebook page, allowing a reasonable time for responses.

As an alternative or in addition to other means, the Officer may choose to use the LGAQ Local Buy/ VendorPanel / NexGen to seek formal quotation responses. Copies of all written quotations should be attached and detailed on the Council requisition in SynergySoft / Altus requisitions, including Council resolution number.

A copy of the tender documents, advertising and tender submission paperwork is to be put into Council's records management system. The most advantageous to Council shall be selected. [Form no. 105 procurement record](#) is to be completed and attached to the requisition with quotes and other relevant paperwork.

The Requisitioning Officer and the Delegate approving the order **must not be the same person**. Financial delegations as per H:\1. Governance\REGISTERS\Registers 2024-25.

PROCEDURE FOR ASSESSING QUOTES

Using [form no. 105 procurement record](#), tick the box on selection method (how you have selected supplier), detail the goods or service, list quotes by date, supplier and cost of goods, including cost of delivery to Boulia.

Tick accepted yes or no as per each quote listed. Consider previous orders, did they arrive on time and or the quality of the goods. Continue completing the form, decide on your winning quote and detail the reason for the quote being successful.

Obtain authorisation from delegated officer as per H:\1. Governance\REGISTERS\Registers 2024-25.

A copy of this assessment is to be attached to the requisition raised in SynergySoft / Altus requisitions.



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101 Procurement Record Form

This form must be completed by the Requisitioning Officer and attached to the procurement documents to enable a purchase order to be created.

For Purchase Orders and Requisitions > \$5,000

Please tick one box only to indicate how you selected the supplier:

Selection Method	Circle	Example
The lowest priced quote, after considering local weightings	Yes	
The supplier with the highest score in an assessment matrix	Yes	
The successful tenderer from conducting a formal tender process	Yes	
The contract was approved by Council – Resolution No:	Yes	
The payment is for a statutory fee or membership or annual subscription	Yes	RAPAD, LGAQ, LGMA
The supplier has a services agreement with Council	Yes	G&A
The payment is for a utility service	Yes	Ergon, Telstra
Local business less than \$1,000	Yes	
The supplier is on an approved contractors list	Yes	Plant Hire, Trade Services
The purchase is through a <u>LocalBuy</u> arrangement – Contract No:	Yes	
There is only one supplier reasonably available	Yes	Followment, TOLL
The services are of a confidential nature	Yes	
A <u>genuine</u> emergency exists	Yes	Flood, Fire, Accident
The contract is for the purchase of goods by auction	Yes	
The contract is for the purchase of second-hand goods	Yes	
The contract is made with another government body	Yes	Another Council, TMR
Emergent Works	Yes	
The payment is for a utility service	Yes	Ergon, Telstra

Goods or Services to be purchased

Quotes _____

Number _____

Circle or cross out

Date	Supplier Name	Amount \$	Accepted ?	Previously Used	Timely	Quality Service
			Yes	Yes	Yes	Yes
			Yes	Yes	Yes	Yes
			Yes	Yes	Yes	Yes
			Yes	Yes	Yes	Yes

Job Cost Number _____

Vendor Panel Number _____

Authorisation

Requisitioning Officer _____ Date: _____

Approving Officer _____ Date: _____

PROCUREMENT OF GOODS AND SERVICES GREATER THAN \$200,000 (Net /exclusive of GST)

If purchase is not through a purchasing arrangement as provided for in this policy, then the Council must undertake a tender process prior to awarding a contract.

The Officer responsible shall prepare a formal tender specification (tender number to be obtained from Council's Tender Register) which together with the invitation to tender shall be made available on Council's website for download.

A tender advertisement must be published on the Council's website and distributed via email blast and Council's Facebook page. The Officer may choose to use the LGAQ Local Buy/VendorPanel/NexGen to assist with tender selection and to manage formal tender responses.

In any case, the process must allow a **minimum 21 days** from the first date of advertisement for Tender responses.

Expressions of Interest (EOI) may be sought in the first instance to establish a preferred supplier list, in which case the tender specification cannot be amended between date of first advertisement to short listing of preferred suppliers, unless all those who responded to the EOI have had an opportunity to respond.

Details of all Tender documentation is to be recorded in Council's Tender Register, attached to the requisition raised and placed in Council's records management system.



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Details of tenders and quotations received may be commercial in confidence and are not generally available for public viewing without Council or the CEO consent.

PROCEDURE FOR RECEIPT AND OPENING OF PUBLIC TENDERS/QUOTATIONS:

Where Council has invited tenders (or quotations) through a public process then the following procedures are to be adhered to:

1. Tendere are to be lodged in a sealed tender box, a secure email address or with LGAQ Local Buy/VendorPanel/NexGen drop box.
2. The Officer responsible for assessing tendere or quotations cannot have access to the secure tendere until after closing of tendere.
3. Where tendere are received in the mail, they are to be stored in a locked tender box and opened by the CEO or delegate responsible in the company of two other staff, who will witness the opening by recording details in the Tender Register and initialling tender documents and prices.
The tender documents are then to be scanned to records and distributed to the Officer responsible.
4. In the case of emails, the tendere are to be released by the Systems Administrator and emailed to the Records Officer.
The tender documents are to be scanned to records and then distributed to the Officer responsible.
5. A summary of tendere received is to be recorded in the Council's Tender Register.
6. A summary of the winning Tenderer's prices, terms and conditions should then be attached to the requisition raised.

PROCEDURE FOR RECORDING TENDER INFORMATION

1. All tendere must be recorded in the Tender Register using the next available tender number.
2. All **purchase orders** must record in the notes section the details of the Council resolution, the tender number, and in the case of having used Local Buy/VendorPanel/NexGen, the Local Buy number (BSU)/VendorPanel number (VP).
3. All Council agenda papers, and correspondence must have the tender number recorded on the documents.
4. All letters of acceptance for tendere to have the resolution and tender numbers recorded.