



**NOTICE OF THE FINANCE AND ADMINISTRATION  
STANDING COMMITTEE MEETING OF COUNCIL  
27 AUGUST 2007**

Notice is hereby given that the Finance and Administration Standing Committee of the Douglas Shire Council will be held in the Council Chambers, 64-66 Front Street, Mossman, on **MONDAY, 27 August 2007** will commence at 8:30 am.

A handwritten signature in black ink, appearing to read 'J F Leu'.

**J F Leu**  
*A/Chief Executive Officer*  
23 August 2007

**Note that during the course of the meeting it may be necessary to adjourn at times to facilitate briefing the Council on the issues identified in the Briefing Session Notice Paper.**

**AGENDA**

ITEM	SUBJECT	PAGE NO
07/0827/01	Declarations of Interest	
<b>REPORTS</b>		
07/0827/02	Procurement Policy .....	2 - 9
<b>NOTICES OF MOTION</b>		

- No Notices of Motion received

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*Procurement Policy*

<b>ITEM NO</b>	<b>07/0827/02</b>
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<b>SUBJECT</b>	<b>PROCUREMENT POLICY</b>
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<b>AUTHOR</b>	General Manager Finance and Administration
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**RECOMMENDATION**

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*That Council adopts the Procurement Policy.*

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**PURPOSE**

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To obtain Council approval to accept the updated Procurement Policy.

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**BACKGROUND**

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In accordance with Council's strategy of improving the effectiveness and efficiency of Council's systems a comprehensive review of policies has been commenced. As part of the review there has also been an opportunity to convert old policies into the new format and review policies in the interest of its current effectiveness. This policy has also been updated to reflect any recent amendments from the Local Government Act of Queensland 1993.

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**PROPOSAL**

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Council adopts the attached Procurement Policy.

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**CORPORATE/OPERATIONAL PLAN**

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Strategy 1.2 - Improve the effectiveness, efficiency and integration of Council's management systems

Strategy 1.3 - Provide quality customer service that is responsive and relevant to community needs

*Procurement Policy*

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**FINANCE/RESOURCE IMPLICATIONS**

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N/A

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**LEGAL/POLICY IMPLICATIONS**

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In accordance with requirements of the Local Government Act of Queensland 1993.

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**SUSTAINABILITY IMPLICATIONS**

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ECONOMIC:

ENVIRONMENTAL:

SOCIAL:

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**INTERNAL/EXTERNAL CONSULTATION**

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In consultation with internal staff.

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**OPTIONS**

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1. Council adopt the recommendation.
  2. Council not adopt the recommendation.
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**ATTACHMENTS**

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1. **Procurement Policy**

*Procurement Policy*

**FINANCE & ADMINISTRATION – BUDGET & ACCOUNTING -  
AUDIT AND STATUTORY COMPLIANCE  
1.1.3.04 –PROCUREMENT POLICY**

DEPARTMENT	Finance and Administration	1
PROGRAM AREA	Budget and Accounting	1
ACTIVITY	Audit and Statutory Compliance	3

## PROCUREMENT POLICY

<b>PURPOSE</b>	<p>The purpose of this Policy is to provide a framework for undertaking any procurement activities.</p> <p>The procurement process is in accordance with the 5 principles set out under Section 481 of the Local Government Act 1993 and as follows:-</p> <ol style="list-style-type: none"> <li>1. Open and effective competition;</li> <li>2. Value for money;</li> <li>3. Enhancement of the capabilities of local business and industries</li> <li>4. Environmental protection; and</li> <li>5. Ethical behaviour and fair dealing.</li> </ol>
<b>SCOPE</b>	<p>This Policy applies to all procurement activities of Council. This means it applies to Council and any officers involved in entering into Contracts for the carrying out of work, or the supply of goods and services. It shall include but not be limited to activities of the following:</p> <ul style="list-style-type: none"> <li>• Procurement of all goods</li> <li>• Hire, lease or rental of plant and equipment</li> <li>• Construction, consulting contracts and service contracts (including maintenance)</li> <li>• Management of supplier quality and performance</li> </ul>
<b>REFERENCE</b>	<p>Where this Policy is inconsistent with a previously published policy, procedure or requirement, this Policy shall prevail.</p>
<b>DATE ADOPTED AND MINUTE BOOK REFERENCE</b>	
<b>DATE FOR REVIEW</b>	31 March 2009

*Procurement Policy***DEFINITIONS**

*Purchase* – making a contract for the carrying out of work, or the supply of goods or services.

*Approved supplier/contractor* – registered with Australian Taxation Office and holder of an Australian Business Number (ABN); full creditor details are set up in Council's creditor master file.

*Appropriate Officer* – officer as identified in register of Financial and Procurement Delegations as approved by Chief Executive Officer.

*Dollar (\$) amounts quoted* - All amounts quoted in policy are referred to as GST inclusive amounts.

**RESPONSIBILITIES**

The Chief Executive Officer by virtue of the powers under the provisions of the Local Government Act 1993 Section 472 (1) and 472(2)(b) has delegated power to incur financial expenditure and enter into contracts on behalf of Council as and in accordance with the provisions of a delegate under Local Government Act 1993 Section 483 under the following limitations:

- a) where expenditure has been provided for in Council's budget;
- b) it resolves that it is satisfied that there is only 1 supplier reasonably available to it under the Local Government Act 1993 Section 486 (1) (a) ;
- c) the contract is made under the exemption to open competition under Local Government Act 1993 Section 486 (1)(e) and Local Government Finance Standards Part 3 Section 17 (preferred supplier LGA arrangement); or
- d) where Council has resolved that such expenditure is required because of genuine emergency under the Local Government Act 1993 Section 486 (1)(b) ;

and further delegation of these limited powers by the Chief Executive Officer may be made subject to additional limitations as set by the Chief Executive Officer.

Other Officers may only incur expenditure and enter into contracts on behalf of Council if:

- a) the officer has been granted the financial delegation by the Chief Executive Officer under Local Government Act 1993 Section 1132 and this delegation has been recorded in the Register of Delegations. This delegation must contain the extent of financial delegation and/or the limitation on

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procurement value applicable to the delegate as decided by the Chief Executive Officer.

No officer (Chief Executive Officer excepted) may have a financial or procurement delegation for an amount exceeding \$150,000.

No officer (Chief Executive Officer excepted) may have a procurement delegation for an amount exceeding \$10,000 unless the officer has the appropriate delegated authority. Officers with the appropriate procurement delegation shall only place purchase orders AFTER an officer with the appropriate financial delegation has authorised the expense.

For any other procurement of works, goods and services for less than \$10,000 these may only be procured or approved on behalf of Council if the officer holds the appropriate delegations from the Chief Executive Officer under the Local Government Act 1993 Section 1132.

**POLICY**

Procurement of works, goods and services by Council is undertaken in accordance with the approved procedures, the Local Government Act and Local Government Finance Standard and the Queensland State Purchasing Policy where applicable.

In applying this Policy to Council's procurement activities, Officers and Councillors must give equal consideration to the 5 principles of the Policy Statement as follows:-

**1. Open and Effective Competition**

Unless an exception is made in accordance with the Local Government Act 1993 officers will:

- a) Advertise tenders in accordance with the Local Government Act 1993 Part 3 – Contract and Tendering for Contracts exceeding \$150,000 or expressions of interest where Council resolves that it would be in the public's best interest to do so. These purchases will have to be referred to Council for approval by the appropriate officer, following an evaluation and endorsed with a recommendation. Tenders shall be advertised in relevant newspapers allowing a clear 21 days response time prior to public opening.
- b) Written quotations are required for purchases between \$15,001 and \$150,000. The invitation shall be advertised in relevant newspapers allowing a clear 14 days response time prior to opening. Offers will be evaluated and a recommendation made by the instigating officer. Approval to purchase will be confirmed by the appropriate officer's signature on the official

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order.

- c) Purchases between \$2,001 and \$15,000 may be made by the authorised officer without further approval being sought provided the (i) funds are allocated and (ii) the supplier/contractor is an approved supplier/contractor. At least three written quotes (received either by mail, facsimile or email) must be received prior to issue of an official order. Response time for notification of quotes shall be at the discretion of the appropriate officer however at least 3 clear working days is to apply. Offers will be evaluated and a recommendation made by the instigating officer confirmed by the signature of the appropriate officer on the official order.
- d) Purchases up to \$2,000 may be made by the authorised officer without further approvals being sought provided (i) funds are allocated and (ii) the supplier/contractor is an approved supplier/contractor. These situations for individual procurements up to \$2,000 are meant to include but not limited to situations such as:
- a single local supplier; or
  - product trials; or
  - workshops, seminars, conferences, special training offers; or
  - work or supply by specific manufacturer's agents; or
  - books, publications, association memberships; or
  - catalogue prices for stationary purchases.
- e) Purchases for individual procurements relating to plant hire or other renewable annual tenders. These are established through a register of offers for the supply for particular types of work, goods and services (eg machinery hire, maintenance works, consultancy services).

It is expected that offers will be reviewed every 12 to 24 months to allow for review of performance and updating of price, conditions and details of other relevant matters. All offers will be advertised and run in accordance with No 3 above.

Only tenders involving an amount of more than \$150,000 are required to be presented to Council.

## **2. Value for Money**

Council officers will ensure that all procurement and contract management activities achieve the most beneficial outcome for Council (which balances meeting the business requirement with efficiency,

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quality, risk, environmental impact and total acquisition cost).

**3. Enhancement of the capabilities of local business and industries**

Council will support local business through order placement where that business is competitive under Council's evaluation process and it meets the same requirements of all local and non local suppliers.

**4. Environmental protection**

Council will advance the sustainable use of resources and aim to minimise adverse impacts on the environment through its procurement activities.

Council will demonstrate to the community that its purchasing decisions can improve markets for environmentally preferred products, enhance environmental quality, be resource responsible and directly contribute to sustainability.

Council will purchase environmentally preferred products whenever their performance, quality and total acquisition cost is equal to or better than those products which can be demonstrated as having a more adverse effect on the environment.

**5. Ethical behaviour and fair dealing**

The Councillors and its officers must ensure that they do not participate in any action, which may be deemed to be:

- Canvassing by any party with a material interest in the procurement
- Release of commercial in confidence information
- Collusion – known between parties involved in the procurement process

Councillors and officers should at all times conduct themselves in accordance with the appropriate Code of Conduct.

Any Council officers involved in the tender process or evaluation process are required to declare, by signed documentation, that no conflict of interest exists and provide the document to the relevant manager (i.e. responsible manager for contract) for filing with contract documentation.

**Councillor Communication**

Councillors must abide by the relevant sections of the Local Government Act 1993 relating to tenders and contracts. Tenderers communication with Councillors during the procurement process will be restricted and regulated as follows. Councillors will not meet with any of the tenderers to discuss a tender or potential tender unless such meetings are sanctioned by Council in advance, have a Council Officer in attendance



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and a record kept and made available to the Council through the Chief Executive Officer. If a Councillor has a conflict of interest or material personal interest a prohibition on the Councillor attending such a meeting will be enforced.

**Additional requirements to be adhered to are:**

- All invitations to quote, offers, arrangements, assessments etc must be attached to the Council duplicate copy of the purchase order and placed on file.
- Where a single purchase order covers multiple procurements (eg different works or supplies) the purchase order needs to distinguish the separate procurements. In such case the limit is taken to apply to the individual procurement. The preferred practice is to issue separate orders for separate procurements so as not to cause confusion.
- Council officers are prohibited from splitting orders for the purposes of acquiring goods or services above their delegated financial and procurement levels, or to avoid the necessity of obtaining quotes or calling tenders.
- Where there is a purchase or disposal relating to a Council asset then all details of activity needs to be confirmed by Assets Officer to ensure compliance with authorised procedures prior to any processes being undertaken by a Council Officer.
- The officer with the approved financial delegation authorising the procurement will be accountable for the correct treatment of Good and Services Tax (GST).

**DOCUMENTATION/  
FORMS** Nil

**PERFORMANCE  
INDICATORS** Internal and External audits will be conducted.

**APPENDICES**

- Appendix 1 – Register of Financial and Procurement Delegations
- Appendix 2 - Evaluation process.
- Appendix 3 - Standard Procurement document (under construction).