8. PROCUREMENT GENERAL POLICY

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1. Introduction

1.1 Purpose

The purpose of this policy is to outline the principles Douglas Shire Council (Council) applies in its procurement activities. This document aligns Council's procurement activities with the 'sound contracting principles', as stipulated in s 198 of the *Local Government Regulation 2012* (Qld) (the Regulation).

1.2 Scope

This policy applies to all procurement and contracting activities when undertaking acquisitions of all goods and/or services for Council. This policy is binding upon all employees working for or on behalf of Council, regardless of financial delegation; including but is not limited to, permanent, temporary and casual employees, as well as volunteers, contractors and consultants.

This policy does not apply to reoccurring expenditure for existing arrangements or operational expenditure such as subscriptions and memberships, utilities, etc.

1.3 Objectives

Council's procurement activities aim to achieve advantageous outcomes by:

- promoting value for money with probity and accountability;
- advancing Council's economic, social, and environmental strategies;
- providing reasonable opportunity for competitive local businesses that comply with relevant legislation to supply to Council; and
- promoting compliance with relevant legislation.

1.4 Responsibility

Council Officers responsible for the procurement of goods and services must comply with this policy. It is the responsibility of Council Officers involved in the procurement process to understand the meaning and intent of this policy.

Council Officers are required to:

- adhere to the 'sound contracting principles' as defined in s 104(3) of the *Local Government Act 2009* (Qld) (the Act);
- preserve Council's integrity in the procurement process to ensure that Council may be seen to have acted beyond reproach in all dealings;
- abide by Council's Code of Conduct and all applicable policies and instructions;
- source quotations and raise purchase orders to ensure funds are committed, prior to receiving goods and services; and
- promote best practice and continuous improvement in procurement activities.

1.5 Sound Contracting Principles

Section 104(3) of the Act requires that a local government adheres to the following five sound contracting principles in all purchasing activities:

1. Value for money.
2. Open and effective competition.
3. The development of competitive local business and industry.

4. Environmental Protection.
5. Ethical behaviour and fair dealing.

Refer to Appendix 2 for the details for each of the sound contracting principles.

2. Sourcing

2.1 Procurement Thresholds

The thresholds outlined in Appendix 3 will stay in effect from the date this policy is approved until the next policy review.

2.2 VendorPanel and Exceptions

VendorPanel is Council's preferred method when inviting multiple quotes, open tenders and expression of interests.

VendorPanel is mandatory for all large-sized contractual arrangements.

Exceptions to the mandatory use of VendorPanel include:

- when a Council Officer is inviting quotes from a legislated exception, as per Appendix 4. This does not apply to Local Buy arrangements (refer to section 2.3); or
- an approval from either the General Managers before inviting quotes.

2.3 LGA (Local Buy) Arrangements

When engaging suppliers under s 234 of the Regulation (i.e. under a Local Buy arrangements) the required number of quotes to be invited is as per the procurement thresholds.

An approval may be sought from a General Manager to only invite one supplier on a Local Buy arrangement. Where this approval is granted, the use of VendorPanel is not mandatory.

2.4 Small and Medium-sized Contractual Arrangements

A Small and Medium-sized Contractual Arrangement is a contractual arrangement between a local government and a supplier that is expected to cost the local government, excluding GST, at least the minimum amount specified for that arrangement under the procurement thresholds in Appendix 3, over the full term of the arrangement, including any optional extension periods.

For Small and Medium-sized Contractual Arrangements, invitations to quotes are required to be in line with the procurement thresholds as per Appendix 3, unless an exception applies as per Appendix 4.

2.5 Large-sized Contractual Arrangements

A Large-sized Contractual Arrangement is defined as a contractual arrangement between a local government and a supplier expected to cost the local government, exclusive of GST, at least the minimum amount for an arrangement as per the procurement thresholds in Appendix 3, over the term of the arrangement, including any optional extension periods.

In accordance with s 229-235 of the Regulation, Council Officers must invite written tenders if the expected contractual value of goods and/or services with a value equal to or larger than the Large-sized Contractual Arrangement threshold in a financial year, or over the proposed term of the contractual arrangement.

Council's preference is for all procurements valued at the Large-sized Contractual Arrangement threshold to be carried out in accordance with s 228 (public tender process) of the Regulation.

VendorPanel is mandatory to invite tenders for all Large-sized Contractual Arrangements.

An approval may be sought from a General Manager to not invite tenders/quotes for Large-sized Contractual Arrangements if:

- A legislated exception exists (Appendix 4).
- A public tender process has been conducted that resulted in either no responses or no response that demonstrated value for money.

Where an approval is given to invite one quote, the approval extends to not use VendorPanel.

2.6 Expression of Interest (EOI)

Council Officers may invite EOI's for contracts valued at Large-sized Contractual Arrangement threshold only once a Council Resolution is obtained. EOI's must be carried out in conjunction with the Procurement Team.

Invitations for EOIs and tenders must be published on the Tenders page of Council's website for a minimum of 21 calendar days (excluding the opening and closing days) and allow written tenders to be given while the invitation is published on the website. All EOIs and tenders must be released to market via Council's preferred e-procurement platform, with all submissions to be received through the same channel.

2.7 Budgetary Provisions

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.

2.8 Procurement Plan

Before all Large-sized Contractual Arrangements requests for quotes or tenders are made open in Council's e-procurement platform, a Procurement Plan is required to be completed and endorsed by the Coordinator of Procurement and approved by the financial delegate. Where the financial delegation sits with Council's Elected Members, the Chief Executive Officer (CEO) to approve.

The Plan is required to outline the project, scope, budget, proposed market approach, proposed assessment criteria, proposed assessment team and proposed engagement/contract type.

2.9 Public Tender Requests to Market

All procurement requests for Public Tenders will be required to be set up in VendorPanel.

2.10 Probity and Evaluation Plan

A Probity Plan must be prepared for all procurements valued at the Large-sized Contractual Arrangement threshold.

For purchases of Medium-sized Contractual Arrangements or less, a probity plan must also be prepared where the probity risk has been deemed to be high by the actioning Council Officer. In consideration of probity risk, the Council Officer should consider the level of cost, complexity, and public interest. Probity risk is assessed by referring to the Risk Appetite document using the Strategic/Corporate Governance – Reputation – Political consequence. Contact the procurement team for any assistance.

Where any procurement arrangement is sensitive, highly complex, of public interest, or likely to be challenged, the use of internal or external probity advisors and/or probity auditors should also be considered.

2.11 Evaluation of Quotes and Tenders

Council ensures probity and considers the 'sound contracting principles' in its approach to all procurement activities including the evaluation of quotes and tenders. To maintain probity during the evaluation process, Council will implement appropriate measures proportionate to the value and risk of the procurement activity such as:

- maintain a full audit trail of the evaluation process undertaken;
- develop a Probity Plan for all Large-sized Contractual Arrangements or where the risk to maintaining probity is deemed high;
- ensure any potential, perceived or actual conflicts of interest are declared, documented and handled accordingly;
- ensure interactions, meetings, clarifications and negotiations with suppliers are documented in writing;
- ensure evaluation panel meetings contain minutes and saved in Council's record system; and
- ensure supplier's information of a commercial in confidence nature is safeguarded.

2.11.1 Local Content Preference

Where an Expression of Interest (EOI), tender or quotation is evaluated, all other things being equal, it is Council's preference to purchase locally.

If a tender or quotation is evaluated using selection criteria, then a local preference selection criterion with a weighting of no more than 10% (of the evaluation criteria total) may be utilised in the evaluation process.

In this policy statement, a "local supplier" is a supplier which:

- is owned by persons who are residents or ratepayers of the local government area; or
- has its principal place of business within the local government area; or
- otherwise has a place of business within the local government area, which solely or primarily employs persons who are residents or ratepayers of the local government area.

It is recommended Council Officers use the **Local Content Preference – Sliding Scale** procedure in evaluations.

3. Variations

A variation is an agreed amendment to a contract that changes the original terms, conditions or scope of the contract.

For this policy, variation refers solely to a financial deviation from original contract value. The contract can be a Council purchase order or agreement signed by a delegated Council officer with an external service provider/organisation. Other variations such as non-financial scope changes, extension of time etc. are to be managed by delegated council officers.

Variation procedures for contracts are as follows:

- Each variation can only be approved in writing by a delegated officer up to their authorised financial and contractual delegation;

- The delegated officer must verify that funds are in approved budgets to meet the costs prior to the variation being actioned and a purchase order amendment must be approved by a delegated officer with sufficient financial and contractual delegation for the **entire new aggregated order amount including the variation.**

- Officers must ensure that the contract variations are not to the extent that they significantly change the contract requirements and/or substantial parts of the original procurement. If this is the case, it may be necessary to undertake another procurement process if the revised arrangements are substantially different to those selected during the original procurement.

4. Emergencies

Council acknowledges that strict compliance with its Procurement General Policy during an emergency may impede Council's ability to engage suppliers promptly and respond to the immediate needs of the community. Therefore, the **Procuring During an Emergency** document provides an accelerated procurement process that may be adopted for responding to emergency situations.

This document applies to emergencies and incidents such as:

- A risk to human life.
- A risk of damage to essential service infrastructure.
- A declared event. A declared event is when declarations of a disaster situation made by the Disaster Management Unit or State or Federal Government and exist for varying periods of time.

Retrospective Approval: As soon as practicable upon cessation of the emergency, a report must be presented to Council's Elected Members to authorise the unapproved expenditure over the CEO's financial delegation.

Council also acknowledges that emergent procurement actions during an emergency will likely exceed budget.

5. Governance

5.1 Administrative Complaints

Complaints concerning procurement are managed through Council's Administrative Action Complaints Policy.

5.2 Modern Slavery Act 2018 (Cth)

Council is committed to respecting human rights in our operations and supply chains. Where required, Council will engage with key suppliers to understand how they address identified modern slavery risks and improve information about the source of products.

5.3 Workplace Health and Safety

The procurement process ensures that Council achieves compliance through applying the *Work Health and Safety Act 2011* (Qld), *Work Health and Safety Regulation 2011* (Qld) and associated Codes of Practice.

5.4 Document Retention

All relevant documentation relating to the procurement process is to be recorded in Council's record management system to a secure procurement folder with security access provided to only those with direct involvement in the procurement. Tender submissions, commercial-in-confidence information, and evaluation decision making records must always remain secured and confidential.

Documentation which must be recorded includes, but is not limited to, probity and evaluation plans, quotations, emails, letters, e-procurement files, evaluation documentation, meeting minutes, tender/site briefings, draft and finalised documentation versions etc.

5.5 Splitting Orders and Contracts

Splitting orders or splitting contracts to stay below certain thresholds is strictly prohibited. The purchase of goods or services must not be divided into unreasonable components, or order quantities reduced, to avoid the necessity to comply with the procurement threshold limit requirements under this policy.

6. Corporate Credit Cards

Corporate credit card purchases must adhere to Council's **Corporate Credit Card Policy**.

Corporate credit cards are to be used for low value, low risk purchases that would normally be purchased over the counter or online and where it is cost effective to do so. For the purposes of corporate credit card purchases, low value means up to the transactional delegation of the individual's corporate credit card.

Contracts (including Purchase Orders) are the preferred method of procuring any services.

7. Financial and Contractual Delegation

The CEO implements Council's policies and decisions (e.g. spending in accordance with the adopted budget). Refer also to Appendix 1.

Other Council Officers may only incur expenditure on behalf of Council if:

- the Council Officer has been granted the financial and contractual delegation by the CEO, and this delegation has been recorded in the **CEO to Staff Delegation**; and
- the expenditure is provided for in Council's budget.

For Large-sized Contractual Arrangements, the financial delegates must not approve any part of the procurement process, sign contracts or approve Purchase Orders if they are a member or chairperson of the evaluation team. Financial Delegates are required to remain at arms-length throughout the procurement process for Large-sized Contractual Arrangements.

8. Reporting

Council must comply with reporting requirements set out in the Act and the Regulation.

8.1 Publishing Details of Contracts

As required by s 237 of the Regulation, Council must publish details of all contractual arrangements worth $200,000 or more (exclusive of GST) as soon as is practicable after entering into the contractual arrangement.

These details must be published monthly on Council's website and on a noticeboard located in the customer service area of Council's Administration Building in Front Street, Mossman. In line with the Regulation requirements, details of all contractual arrangements will be published for a period of at least 12 months.

Information to be documented in these publications includes the following:

- the person/company with whom Council has entered into the contract;
- the value of the contract; and
- the purpose of the contract.

The expected value of a contractual arrangement with a supplier for a financial year is the total expected value of all of Council's contracts in the financial year, with the supplier for goods and services of a similar type.

8.2 Annual Report

Section 190(1)(e) of the Regulation requires that the local government's Annual Report include the number of invitations to change tenders under s 228(8) of the Regulation during the financial year.

9. Definitions

ITEM	DEFINITION
Approved Contractor List	Means a list of persons who Council considers to be appropriately qualified to provide the service.
Contractual Arrangement	Means a legally binding agreement between two parties.
Council's Elected Members	Means the elected members of Douglas Shire Council.
Council Officer	Means any employee working for or on behalf of Council. This includes but is not limited to, permanent, temporary and casual employees, as well as volunteers, contractors and consultants.
Council Operated Events	Means public facing events that Council is responsible for (i.e. Carnivale, Anzac Day, New Year's Eve).
Council Resolution	Means approval by Council's Elected Members via means of an ordinary Council meeting or special Council meeting.
Goods	Means an inherently useful and tangible item (article, commodity, material, merchandise).
Local Supplier	Means a business entity that has its principal place of business/registered office within the Douglas Shire Council Local Government Area (LGA) or otherwise has a place of business within the Douglas Shire Council LGA which solely or primarily employs persons who are residents or ratepayers within the Douglas Shire Council LGA.
Preferred Supplier Arrangement (PSA)	Means a contractual arrangement where there is a known program of works or services which are usually required in large volumes and frequently. Council is able to obtain better value for money by aggregating the demand for those goods and services. Prices or a schedule of rates are usually fixed for the duration of the PSA arrangement.

ITEM	DEFINITION
Pre-Qualified Supplier	Means a supplier who has been assessed by the Local Government as having the technical, financial and managerial capability necessary to perform contracts on time and in accordance with agreed requirements.
Probity	Probity is evidence of ethical behaviour in a particular process. Demonstrating probity means more than just avoiding corrupt or dishonest conduct. It involves proactively demonstrating that any procurement process is robust and the outcome beyond reproach.
Procurement	Means the entering into of an agreement to purchase, hire, lease, rent or exchange by way of any transaction involving the outlay by Council of funds, goods, equipment, or services in return for the provision of goods and/or services to Council by another person, company or other entity.
Register of Pre-Qualified Suppliers (RoPS)	Means a 'list' of suppliers who satisfy certain key selection criteria relating to their interest and capability in supplying goods and/or services.
Services	Means intangible products including but not limited to accounting, banking, cleaning, consultancy, education, expertise, medical treatment, and transportation.
Sound Contracting Principles	Means the sound contracting principles set out in s 104(3) of the *Local Government Act 2009.*

10. Related Legislation

- *Local Government Act 2009* (Qld)
- *Local Government Regulation 2012* (Qld)
- *Integrity Act 2009*
- *Competition and Consumer Act 2010*
- *Public Service Ethics Act 1994*
- *Modern Slavery Act 2018*
- *Public Records Act 2002*

11. Related Documents

- Corporate Sustainability General Policy
- Council's Role in Economic Development General Policy
- Corporate Credit Card Policy
- Douglas Shire Council Code of Conduct
- Douglas Shire Council Supplier Code of Conduct
- Gifts and Benefits Register
- Procuring During an Emergency
- Probity and Evaluation Plan
- Risk Appetite

12. Policy Review

This policy is to be reviewed annually as stated in s 198(3) of the Regulation.

13. Policy Details

Policy Name	Procurement General Policy
Policy Number	8
Policy Version	15
Document Number	814364
Endorsed by	Chief Executive Officer
Policy Type	Statutory
Approval Authority	Council
Date Adopted	28/07/2026
Time Period	Annually
Review Date	30/06/2027
Policy Department	Finance and Corporate Services
Link to Corporate Plan	Strategic Theme 3 – Service Delivery
Revoked/Superseded	Nil

14. Appendix 1: Financial and Contractual Delegations

Council's Elected Members approve delegation to the CEO as per below table.

The CEO will determine financial delegations for all other Council employees as outlined in the **CEO to Staff Delegations**.

Council Officers may incur expenditure on behalf of Council but only if the expenditure is provided for in Council's budget and the Council Officer has been delegated the power to enter contracts up to the amount of expenditure proposed to be incurred.

The delegation is based on a Council Officer's position within Council and can be delegated to their back-up if the incumbent is on leave. The delegation lapses if the delegate is transferred or promoted to a different position.

Any Council Officer incurring expenditure on behalf of Council must do so in accordance with any constraints imposed by Council or the CEO.

DELEGATION LEVEL	OPERATIONAL EXPENDITURE WITHIN BUDGET	CAPITAL EXPENDITURE WITHIN BUDGET	EXPENDITURE OUTSIDE OF BUDGET
Chief Executive Officer	Up to $500,000*	Up to $500,000*	Utilise emergency provisions of the Local Government Act. These require a Council Resolution.

*Council further gives the CEO delegated authority to negotiate, finalise and execute recurring operational expenditure (e.g., insurance, electricity, telephone, vehicle registration, ongoing contracts, etc.) regardless of whether the value of the expenditure is more or less than $500,000.

All delegation amounts are GST exclusive.

15. Appendix 2: Sound Contracting Principles

1. Value for Money

Council must harness its purchasing power to achieve the best value for money. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration of:

- contribution to the advancement of Council's priorities;
- fit for purpose, quality, services and support;
- whole-of-life costs including costs of acquiring, using, maintaining and disposal;
- value adds, cost savings and/or discounts;
- internal administration costs;
- technical compliance issues;
- risk exposure;
- benefits to the community (e.g. employment of local labour);
- the value of any associated environmental benefits; and
- proven ability to fulfil the contract.

2. Open and Effective Competition

Purchasing should be open and transparent, and result in effective competition in the provision of all goods and services. Council must give fair and equitable consideration to all prospective suppliers by ensuring that:

- procurement and contracting practices are visible and transparent;
- suppliers with the capability and capacity to provide Council with goods and services have equal opportunity to provide such goods and services, and are given reasonable opportunities to do so;
- maintain confidentiality of offers, security of information and commercial in confidence material; and
- all documentation relating to purchasing is recorded in Council's records system to maintain an accurate audit trail of Council's decision-making processes.

3. The Development of Competitive Local Business and Industry

Council encourages development of competitive local business and industry by:

- actively seeking out potential local supplies and suppliers and where applicable, encourage local businesses to provide a quote;
- encouraging principal contractors to give local suppliers every opportunity, to participate in major projects as partners or subcontractors;
- giving preference to locally sourced goods and services, where price, performance, quality, suitability and other evaluation criteria are comparable;
- ensuring that payments are prompt and in accordance with the agreed terms of contract; and
- giving consideration to the advantages of buying locally sourced goods and services, and to dealing with local suppliers, including:
    - spare parts and servicing support are more readily available;
    - compliance with warranty provisions is more reliable;
    - supply lines are shorter; and
    - communications for contract administration are more convenient.

Where an expression of interest, tender or quotation is evaluated, all other things being equal, it is Council's preference to purchase locally.

4. Environmental Protection

Council promotes environmental protection through its purchasing procedures. In undertaking any purchasing activities, Council will:

- promote the purchase of environmentally friendly goods and services that satisfy value for money criteria;
- consider the environmental impact of goods and services during the procurement decision making process;
- provide an example to business, industry, and the community by promoting the use of environmentally friendly goods and services; and
- wherever possible, encourage environmentally responsible activities, and specification of environmentally friendly products in request for quotation and tender documents; and
- endeavour to reduce, reuse and recycle surplus goods and/or materials.

5. Ethical Behaviour and Fair Dealing

Council Officers involved in purchasing must behave with impartiality, fairness, independence, openness, integrity and professionalism in their discussions and negotiations with suppliers and their representatives. Appropriate records are to be maintained evidencing decisions and terms of engagement with all related documentation to be saved in secured folders within Council's records system.

All employees must:

- report and seek advice on any potential, perceived or actual conflict of interest in the end-to-end procurement process, and ensure that all conflicts of interest are documented and recorded in alignment with Council policy; and
- not seek or accept any remuneration, gift or advantage; and
- ensure probity, transparency, impartiality and accountability for all procurement and contracting activities; and
- keep confidential and secure, all sensitive information obtained as part of the procurement activity; and
- promote high standards of professionalism in procurement and contracting activities.

16. Appendix 3: Procurement Thresholds

The below thresholds will stay in effect from the date this policy is approved until the next policy review.

Procurement thresholds refer to expenditure with a supplier for goods and/or services.

ESTIMATED EXPENDITURE (excluding GST)		
Small Arrangement: ***$0 to less than $21,000***	*Medium-sized Contractual Arrangement:* ***$21,000 to less than $280,000***	*Large-sized Contractual Arrangement:* ***$280,000 or more***
Invite a minimum of one written quote	Invite a minimum of three written quotes	Public tender process required

All amounts are GST exclusive.

*Refer to Appendix 4 – Legislated Exceptions for the list of exceptions to the general procurement threshold requirements.

**Council Officers wishing to invite only one quote from Local Buy arrangements or the Register of Pre-Qualified Suppliers for procurements valued at the medium arrangement or above are required to obtain approval from a General Manager.

***All purchases greater than the CEO's financial delegation will require approval by means of Council Resolution.

17. Appendix 4: Legislated Exceptions

The legislated exceptions below outline where a Council Officer can enter a contract without first inviting written quotes.

LEGISLATION (AS PER THE REGULATION)	EXCEPTION	HOW TO SEEK EXCEPTION
S 230	Quote or Tender Consideration Plan	• Council may decide by resolution to prepare a quote or tender consideration plan and prepares and adopts the plan. • Requests are to be made to the Procurement Team who manage this process, prior to Council workshops.
S 231	Approved Contractor List	• An approved contractor list is a list of persons who the local government considers to be appropriately qualified to provide the services. • Requests are to be made to the Procurement Team to establish an Approved Contractor List and who manage this process.
S 233	Preferred Supplier Arrangements	• Preferred Supplier Arrangements are to be established in accordance with s 233(4) to (8). • Requests for Preferred Supplier Arrangements are to be made to the Procurement Team who manage this process.
S 235(a) and (b)	Register of Sole or Specialised Suppliers	• Council may resolve that there is only one supplier reasonably available or because of the specialised or confidential nature of the services, it would be disadvantageous for the Council to invite tenders. • Requests are to be sent to the Procurement Team who manage this process. • Any new suppliers added to the Register of Sole or Specialised Suppliers will require Council resolution.
S 235(c)	A Genuine Emergency	• Refer to section 7 of the policy. • Follow the Procuring During an Emergency Situation procedure.
S 235(d) and (e)	Purchase is made by auction or for second-hand goods	• It is recommended that the Procurement Team be advised for support/guidance when utilising these exceptions.
S 235(f)	Purchase made with or under a government agency	• It is recommended that the Procurement Team be advised for support/guidance when utilising this exception.

Although the below legislated exceptions allow a local government to enter a contract without first inviting written quotes, Council's requirement is for Council Officer's to invite quotes as per the procurement thresholds in Appendix 3.

LEGISLATION (AS PER THE REGULATION)	EXCEPTION	HOW TO SEEK EXCEPTION
S 234 (Local Buy arrangements)	Local Government Association (LGA) Arrangements	• An LGA Arrangement is an arrangement that is entered into by LGAQ Ltd or a company registered under the *Corporations Act*, if LGAQ Ltd is its only shareholder. • Refer to Appendix 3 for the procurement thresholds when engaging suppliers from Local Buy arrangements. • If a Council Officer wishes to invite a quote from one Supplier, where the above thresholds require more than one quote, approval is required from a General Manager before the quote is invited. • Engagements made from an LGA Arrangements are to be done in accordance with the Register of Financial Delegations. • However, S 234 does apply (ie. the exception applies) where the engagement is with Peak Services Pty Ltd under a Local Buy arrangements.
S 232	Register of Pre-Qualified Suppliers	• For specific services, Council may establish a register of pre-qualified suppliers (RoPS) in accordance with s 232(3) to (5). • Requests are to be made to the Procurement Team to establish new RoPS arrangements. • Refer to Appendix 3 for the procurement thresholds when engaging suppliers from a RoPS. • If a Council Officer wishes to invite a quote from one Supplier, where the above thresholds require more than one quote, approval is required from a General Manager before the quote is invited.