



McKinlay Shire Council

PURCHASING POLICY

LGFS s.5

Procedural Contracting Model



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1.0 INTRODUCTION

Purchasing is the process of obtaining from outside sources goods or services that may be required by Council but not available from within the organisation, at the most satisfactory price considering quantity, quality, place, time and price.

Purchasing Involves:

- determining the most advantageous supplier of goods or services;
- buying plant, machinery and work installations, equipment for handling and storage of goods and packaging materials;
- buying spare parts for equipment;
- procuring office equipment and office supplies;
- procuring materials or services and
- invoice authorisations in case of deviation.

2.0 LEGAL FRAMEWORK

Part 3 Chapter 6 of the Local Government Act 1993 Contracts and Tendering imposes Councils statutory obligations and forms the basis of this policy. The Local Government Finance Standard 1995, Part 2 further requires for a policy for the acquisition of goods and services.

Generally, the following applies:

These policies include the specification of monetary limits relating to the provision of goods and services.

All invitations to tender for the provision of goods or services to a Council must specify a closing date.

All tender specifications are to be vetted for:

- (a) readability;
- (b) simplicity of meaning;
- (c) clarity;
- (d) logic; and
- (e) Inclusion of only essential information.

After vetting, and before issue, the specification is to be approved by the CEO. Evaluation criteria must be included in the specification.

Specifications are to be registered and filed in a central location.

The Chief Executive Officer may, for good cause, extend a closing date.

A tender received before the closing date must be placed in a locked tender box under the control of the Chief Executive Officer.

A tender box can only be opened in the presence of at least two senior officers

of the council and, immediately after a tender box is opened, the tenders must be initialled by two senior officers of the council and registered. Unless otherwise delegated, tenders are decided by the Council. Canvassing of Councillors is strictly prohibited.

3.0 RELEASE OF INFORMATION

Procedures governing release of information will comply with the regulations set down in the Privacy Act and Freedom of Information Act.

- (1) Officers must not release information, including names of tenderers to other tenderers, prior to the award of a tender.
- (2) Communications should be minimised with suppliers prior to the award except during the course of normal daily work.
- (3) Information pertaining to price, technical or performance specifications must not be discussed until after the closing time of the tender.

4.0 CONTRACTS FOR THE PURCHASE OF GOODS OR SERVICES EXCEEDING \$150,000.00

The following is mandatory in relation to contracts for the purchase of goods or services exceeding \$150,000.00.

- The purchase of goods or services must be provided for in the annual budget and Council approval must be obtained to call contracts for the purchase of such goods or services. In cases of extreme hardship or emergency the budget may be amended by Council to make provision for the purchase of goods or services not provided for in the original budget;
- The CEO or delegate shall arrange for detailed specifications of the goods or services to be prepared and must include quality assurance requirements and selection criteria in respect of such goods or services where appropriate;
- The CEO or delegate shall arrange for tenders to be called for the goods or services allowing at least 21 days from the date of the advertisement for the submission of tenders. Tenders are to be advertised in a newspaper or other means to maximize interest from perspective suppliers.
- The CEO or delegate shall, after the opening of tenders, arrange for a schedule of and/or evaluation of the tenders received to be prepared having regard to Part 9 hereof for presentation at the next meeting of Council;
- The successful tenderer shall be chosen by Council.
- Tenders must be retained for audit purposes.

The following principles as stated in LGA 1993 s.481, for entering into contracts for goods and services shall be considered at all times:

1. Open and Effective Competition

OBJECTIVES

- to install confidence in the public about the cost-effectiveness of local government procurement;

to maximize the prospect of obtaining the most cost-effective outcome from invitation to suppliers
to ensure suppliers are given a reasonable opportunity to do business with local government

2. Value for Money

OBJECTIVES

Goods and services being procured represent the best return and performance for the money spent from a “total cost of ownership” or “whole of life cost” perspective.

3. Encouragement of the development of competitive Local Business and Industry

OBJECTIVE:

To enhance the opportunity for suppliers of goods and services to be considered for Local Government business on the basis of merit and value for money; and

To encourage and assist suppliers of goods and services to enter wider domestic markets on the basis of competitiveness, long term viability and outstanding standards of quality, performance and technological development

4. Environmental Protection

OBJECTIVE

To be consistent with the Queensland Government’s commitment to sustainable development, by promoting purchasing practices which conserve resources, save energy, minimize waste, protect human health and maintain quality and safety.

5. Ethical Behaviour and Fair Dealing

OBJECTIVE

To ensure officers with procurement responsibilities:

- Behave with impartiality, fairness, independence, openness, integrity and professionalism in their dealings with suppliers' representatives
- Advance the interests of the government in all transactions and suppliers' representatives in accordance with Government policy:
- Attain a high level of credibility with suppliers' representatives.
- It must also be noted that there is an onus on the supplier to behave ethically

5.0 CONTRACTS FOR THE PURCHASE OF GOODS OR SERVICES EXCEEDING \$ 15,000.00 BUT LESS THAN \$150,000.00
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The following is mandatory in relation to contracts for the purchase of goods or services exceeding \$15,000.00 but less than \$150,000.00.

- The purchase of goods or services must be provided for in the annual budget. In cases of extreme hardship or emergency the budget can be amended by Council to make provision for the purchase of goods or services not provided for in the original budget. Where goods or services are required in an emergency eg for continuity of work or where the goods or services required are of a routine nature or are essential for the continued operation of the work force and it is impractical to obtain Council approval to call contracts the Chief Executive Officer is empowered to call for contracts to supply the required goods or services provided any such decision is reported to the next Council meeting with reasons therefore;

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- The CEO or delegate shall arrange for detailed specifications of the goods or services required to be prepared and must include quality assurance requirements and selection criteria in respect of such goods or services where appropriate.
 - At least three written quotations are to be invited from suppliers (including local suppliers where such goods or services are available) of the required goods or services;
 - The CEO or delegate shall arrange for a schedule of and/or evaluation of the quotations received to be prepared having regard to Part 9 hereof for presentation at the next meeting of Council;
 - The successful quote will be chosen by the Chief Executive Officer in consultation with the manager of the department/s concerned providing that the amount of the quote is within budgetary limits as adopted by Council;
 - Where the quoted amount exceeds budgetary limits as adopted by Council then the successful quote will be chosen by Council by resolution at the next meeting of Council.
 - Quotations must be retained for audit purposes.

6.0 CONTRACTS FOR THE PURCHASE OF GOODS OR SERVICES UP TO \$15,000.00.

The following is applicable in relation to contracts for the supply of goods or services up to a value of \$ 15,000.00.

- **Where the value is not expected to exceed \$1,000**
 - telephone enquiries from known suppliers is sufficient
 - authority to sign and approval to purchase granted as per attached signing authority

➤ **Where the value is expected to exceed \$1,000 but not exceed \$5,000**

Verbal quotations from at least two known suppliers (record to be kept)
 Authority to sign and approval to purchase granted as per attached signing authority

➤ **Where the value is expected to exceed \$5,000 but not exceed \$15,000**

Three written/facsimile quotations to be obtained from known suppliers with market testing to apply
 Authority to sign and approval to purchase granted as per attached signing authority

7.0 EXEMPTIONS

The following is a list of circumstances where an exemption from the requirement to seek tenders or quotes for purchase contracts exists:

- a. If the Council decides that there is only one supplier reasonably available to it; or
- b. The Council decides that a genuine emergency exists; or
- c. The Council is satisfied that the services to be supplied are of such a specialised or confidential nature that it would be impractical or disadvantageous to Council to invite tenders or quotations; or
- d. The purchase of goods at auction; or
- e. The purchase of secondhand goods; or
- f. The contract is made with a person who is on a panel of suitable suppliers maintained by the Council.
- g. Council may where available and considered appropriate access Local Government contracts as negotiated by Local Buy Pty Ltd as an alternative to the procedures previously detailed in paragraphs 4,5 and 6.
- h. If the disposal is a trade-in component of a contract for the supply of goods.
- i. If the disposal of non current assets (other than land) maintained in the register established under s.42 of the LGFS 1995 that have a value up to the amount set under s.43 of the LGFS 1995.
- j. Other circumstances as defined in s.486 of LGA 1993.

8.0 EVALUATION OF OFFERS

Offers must be evaluated to take account of the technical performance of the product, the service being provided and the value obtained for money spent and the risks associated with procuring the requirement from the respective tenderers.

The Evaluating Officer must treat each offer fairly and equitably on the basis of the criteria established in the specification and there should be no changes to the criteria by revising those elements considered as mandatory requirements or giving special weighting to other factors not declared in the original documents.

9.0 LOCAL PREFERENCE

Council strongly supports those suppliers of goods or services who are residents within the Shire and employs residents of the Shire and is prepared to pay a reasonable premium (up to 10 percent) where supply by the time required is offered, quality is commensurate with other suppliers and the price is realistic after delivery. Preference shall not be given to local suppliers without regard to value for money principles or investment.

Where goods or services are available locally but purchased from out of Shire Suppliers, adequate documentation to demonstrate that the above matters has been considered, is required to be noted and retained.

10.0 DISPOSAL OF LAND OR PARTICULAR NON CURRENT ASSETS

All land owned by the Council or non current assets with an apparent value equal to or above the amount set under s.43 of LGFS 1995 shall be disposed of by public auction or tender. Council shall decide the method of disposal at the time it decides to dispose of the land or non current asset taking into consideration the method most advantageous to it. Also, Council may dispose of land or other non current assets in accordance with s.492 of LGA 1993.

11.0 MCKINLAY SHIRE COUNCIL - LEVEL OF AUTHORITY TO SIGN REQUISITIONS or ORDERS

Position	Authorisation
Chief Executive Officer or Acting CEO (appointed)	Any goods or services
Engineer	any goods or services with a value not exceeding \$50,000.00
Manager-Council Support & Community Services	any goods or services with a value not exceeding \$25,000.00
Manager-Finance & Statutory Planning	Any goods or services with a value not exceeding \$25,000.00
Manager-Works & Transport Services	Any goods or services with a value not exceeding \$25,000.00
Builder/Handyman	Any goods or services with a value not exceeding \$1,000.00
Manager Parks & Recreation	Any goods or services with a value not exceeding \$1,000.00
Manager Environmental, Health & Community Law	Any goods or services with a value not exceeding \$25,000.00
Administration Officer/s	Any goods or services with a value not exceeding \$500.00
Tourism Officer	Any goods or services with a value not exceeding \$500.00
Stores Clerk	To the value of approved re-order levels for existing stock items otherwise \$500.00