



MAPOON ABORIGINAL SHIRE COUNCIL Procurement Policy 2020-21

RESOLUTION NO. XX. VERSION V2

This is an official copy of the **Procurement Policy 2020-21** of **Mapoon Aboriginal Shire Council**, made in accordance with the provisions of the Local Government Act and Regulations, Public Records Act, Mapoon Aboriginal Shire Council's Local Laws, Subordinate Local Laws and current Council Policies.

The **Procurement Policy 2019-20** is a Statutory Policy.

Statutory policies are prepared in response to legislative requirements and mandate employee behaviour. This Policy is approved by the Mapoon Aboriginal Shire Council for the guidance of Council and Council staff.

DOCUMENT VERSION CONTROL			
VERSION	DATE	RESOLUTION N°.	DETAILS
1.0	20/3/18		Responsible Officer: Executive Manager Finance Policy Type: Statutory Policy
2.0	16/06/2020		Major Revision
			EXPIRY 30 June 2021



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Procurement Policy 2019-20

1. Introduction/Policy Statement:

The purpose of this policy is to outline Council's approach to developing and maintaining procurement practices for the acquisition of goods and services which optimise value for money and promote effective supplier relationships. Value for money, does not necessarily mean selecting the lowest price.

2. Policy scope:

This Procurement Policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts. The policy applies to the Chief Executive Officer and all Council employees. It is the responsibility of Council employees involved in the procurement process to understand the meaning and intent of the policy.

3. Definitions:

Goods and Services Tax

All values quoted in this policy are exclusive of GST.

Large-sized procurement arrangement

A contractual arrangement with a supplier that is expected to be worth (exclusive of GST) \$200,000 or more in a financial year.

Life Cycle Costing

An evaluation of the costs of procuring, owning, operating and disposing an asset.

Local Supplier

A local supplier is a business entity operating locally as described in Section 4.3 of this policy.

Medium-sized procurement arrangement



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A contractual arrangement with a supplier that is expected to be worth (exclusive of GST) \$10,000 or more, but less than \$200,000.

MRPQS

The Mapoon Aboriginal Shire Council Register of Pre-Qualified (Preferred) Suppliers. The selection criteria of the MRPQS are contained in the Mapoon Aboriginal Shire Council Pre-Qualified Supplier Procedure.

Preferred Supplier Arrangement

A form of standing offer where a pre-qualified supplier has provided a standing quotation for the goods or services.

Preferred Supplier

A supplier who has been assessed by Council as having the technical, financial and managerial capability necessary to perform contracts on time and in accordance with agreed requirements.

Purchase Order

The official document, normally generated by Council's finance system, used to authorise and record the purchase of goods or services by Council. It is, in most cases, the prime reference confirming the contractual situation between Council and the supplier.

Purchase Requisition

The official document which records Council's requirements for goods and/or services and records the details of any quotes obtained. It is used to raise a Purchase Order in the Finance System. Any staff member may complete a Purchase Requisition, but it must be co-signed by a manager.

Registered Business

A company or entity as defined by the Australian Securities and Investment Commission (ASIC) and that also appears as "Active" in the ASIC Business Name Register and as amended from time to time.

Sound Contracting Principles

As defined in the Local Government Act 2009, the sound contracting principles are:

- a) Value for money; and



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- b) Open and effective competition; and
- c) The development of competitive local business and industry; and
- d) Environmental protection; and
- e) Ethical behaviour and fair dealing.

Standing Offer Arrangement

An agreement subject to specified terms and conditions whereby Council agrees to purchase their requirements of a specified number or range of items, during a specified time period from the supplier at agreed prices or on an agreed price basis. Normally no obligation to purchase a specified quantity exists although estimates for the guidance of the supplier may be given.

4. Policy statement:

There are four aspects to the Procurement Policy.

- a) The Procurement Principles provide guidance in regard to ethical behaviour and sound contracting principles;
- b) The Procurement Arrangements provide the procedures to be followed for each procurement category.
- c) The Local Supplier Preference provides guidance on how to apply the Council's desire to give preference to local suppliers; and
- d) The Delegations proscribe the limits for staff to authorise the procurement of goods and services.

4.1. Procurement Principles

Council officers are required to:

- a) Adhere to the "Sound contracting principles" as stipulated in the *Local Government Act 2009*;
- b) Preserve Council's integrity in the procurement process to ensure that Council may be seen to have acted beyond reproach in all dealings;
- c) Abide by Council's Code of Conduct and all applicable policies and instructions; and
- d) Source quotations and raise purchase orders prior to receiving goods and services.

Council officers involved in purchasing must act with impartiality, fairness, independence, openness, integrity, and professionalism in their discussions and negotiations with suppliers and their representatives. All employees must:

- Perform the procurement task honestly and without favour or prejudice;



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- Spend Council funds efficiently and effectively and in accordance with the law and Council policy;
- Deal fairly, impartially and consistently with suppliers and prospective suppliers;
- Keep confidential all sensitive information obtained as part of the procurement activity;
- Not have an actual conflict of interest in relation to the procurement activity; and
- Not seek or accept any remuneration, gift or advantage.

Purchase Orders are to be generated for all purchases of goods and services other than:

- Staff reimbursement;
- Corporate card transactions; or
- Long-term supply contracts (Ergon, Telstra, etc.); or
- Direct payments and fees (bank charges etc.); or
- Other purchases where an Executive Manager or the CEO has determined in extenuating circumstances that a Purchase Order is not required prior to purchase.

Purchasing activities must, whenever possible, result in effective competition in the provision of goods and services. Council must give fair and equitable consideration to all prospective suppliers.

4.2. Procurement Arrangements

Council staff are to achieve the best value for money over the long term in their purchasing decisions. The concept of value for money is not restricted to price alone. The value for money assessment may include consideration of:

- Contribution to the advancement of Council's priorities;
- Fitness for purpose, quality, after sales servicing and support;
- Whole-of-life costs including costs of acquiring, using, maintaining and disposal; and
- Internal administration costs;
- Price;
- Technical compliance issues;
- Risk exposure and reputation of the supplier;
- The value of any associated environmental benefits; and
- Advantages of local knowledge, networks and relationships.

The relative weighting of the different components will depend both on the value of the transaction and the materials or services being procured.

Consideration must be given to the use of evaluation criteria for Medium-sized procurement arrangements where it will assist in determining the most advantageous supply arrangement to Council over the long term.

The use of evaluation criteria is mandatory for all Large-scale procurement arrangements.



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The purchasing thresholds described in Table 1 below must be adhered to unless directed in writing by the CEO. The value of the purchase contract is to be calculated over the full contract period. Approval of all Purchase Orders must be undertaken by the appropriate delegated purchasing officer. Purchasing delegations are provided in Table 2.

Amount of Purchase	Requirement
Under \$1,000	<ul style="list-style-type: none"> a) The Preferred Supplier List shall be utilised for these procurements where such goods and services are on the Preferred Supplier list. b) Quotations are not required, but staff must be able to demonstrate that Council is receiving value for money with the purchase; c) Payment for purchases under \$1,000 can be made with a Corporate Card; d) Staff may make purchases with the prior approval of a purchasing delegate and request re-imburement; e) Staff may request a Purchase Order to be used for the purchase.
\$1,000 to \$5,000	<ul style="list-style-type: none"> e) The Preferred Supplier List shall be utilised for these procurements where such goods and services are on the Preferred Supplier list. f) A local supplier may be given preference for purchases in this category with the application of a maximum 10% local preference up to a maximum of \$200. c) Goods and Services may also be sought from the Local Buy panel arrangements. d) Payment for purchases under \$5,000 can be made with a Corporate Card up to the individual item limit of the card; e) Where practicable, two verbal quotes shall be requested, and the details recorded on the Purchase Requisition.
\$5,000 - \$20,000	<ul style="list-style-type: none"> a) The Preferred Supplier List shall be utilised for these procurements where such goods and services are on the Preferred Supplier list. A single written quote shall be obtained. b) Where suppliers cannot be sought from the Preferred Suppliers List, a minimum of two written quotes shall be requested, with the details recorded on the Purchase Requisition. A minimum of



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Amount of Purchase	Requirement
	<p>two working days is to be allowed for the receipt of such quotes from time of request.</p> <p>c) A local supplier will be given preference for purchases in this category with the application of a maximum 7.5% local preference up to a maximum of \$650 to encourage the development of local business and the availability of such goods and services to the community locally.</p> <p>d) Suppliers may be sourced from Local Buy Panel Arrangements with a written quotation.</p> <p>e) Relevant Quality Assurance and Workplace Health & Safety requirements are to be considered in the procurement of such goods and services.</p> <p>f) Reasons for not accepting the lowest quote from the lowest conforming local supplier must be recorded.</p> <p>g) Where local preference has been applied to award the procurement to a local supplier, the local preference amount applied will be noted.</p> <p>h) The procurement of these goods and services shall be in accord with the conditions of delegation under this policy and the Chief Executive Officer's delegation to relevant Council Officers.</p>
\$20,000 - \$200,000	<p>a) A specification shall be prepared for all goods and services in this category.</p> <p>b) The Preferred Supplier List shall be utilised for these procurements where such goods and services are on the Preferred Supplier list. A minimum of one single written quote shall be obtained.</p> <p>c) Where suppliers cannot be sought from the Preferred Suppliers List, or a Local Buy Panel Arrangement, a minimum of three written quotes shall be requested, with the details recorded on the Purchase Requestion. A minimum of four working days, except in the case of emergencies is to be allowed for the receipt of such quotes from time of request.</p> <p>d) A Local Supplier will be given preference for purchases in this category with the application of a maximum 5% local preference up to a maximum of \$2,000 to encourage the development of</p>



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Amount of Purchase	Requirement
	<p>local business and the availability of such goods and services to the community locally.</p> <p>e) Public advertising may also be used for this category. Where public advertising is used to source quotations, a minimum of four selection criteria shall be used to assess the submissions. A minimum of ten working days is to be allowed for the receipt of such quotes from time of advertising.</p> <p>f) Relevant Quality Assurance and Workplace Health & Safety requirements are to be considered in the procurement of such goods and services.</p> <p>g) The procurement of these goods and services shall be in accord with the conditions of delegation under this policy and the Council's delegation to the Chief Executive Officer.</p> <p>Note: Council approval is required for all procurements of \$100,000 or more.</p>
\$200,000 and Above	<p>a) Council approval is required for all procurements of \$200,000 or more.</p> <p>b) A detailed specification shall be prepared and shall include any relevant Quality Assurance requirements and Workplace Health and Safety requirement in accordance with the <i>Work Health & Safety Act 2011</i> for all goods and services in this category.</p> <p>c) A minimum of four selection criteria shall be used to assess the submissions. Relevant Quality Assurance and Workplace Health requirements are to be considered in the procurement of such goods and services.</p> <p>d) A form of contract will be included with the specification.</p> <p>e) The Local Supplier preference arrangements do not apply to this category.</p> <p>f) Procurements in this category will be by way of tender and shall be advertised in local and/or regional newspapers, public notices, flyers and council email distribution list for public notices or as directed by the Chief Executive Officer from time to time. Invitations may also be invited from members of Local Buy panel arrangements where appropriate.</p> <p>g) The tender advisement/notice shall allow at least 21 days from the date of the advertisement for the submission of tenders.</p>



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Amount of Purchase	Requirement
	h) All offers shall be evaluated, and a report prepared for Council's consideration. Purchase Orders cannot be placed or contracts entered into until Council has approved the purchase.

Table 1: Purchasing Thresholds.

4.3. Local Supplier Preference

Council encourages the development of competitive local businesses within its local government area. In this policy, a "local supplier" is a:

- Registered Business that is beneficially owned and operated by persons who are residents within the MASC local government area; or
- Registered Business or individual that has its principal place of business within the local government area of council; or otherwise a
- Registered Business that has a place of business within the Local Government area of Council which solely or primarily employs persons who are residents of the MASC Local Government area.

Where goods or services are available locally but procured from outside the shire, documentation is required to demonstrate that local preference has been considered. Council has a scaled local preference policy for the procurement of goods and services other than plant hire as follows:

Contract Value	Evaluation preference
Up to \$5,000	10.0% up to a maximum of \$200
Greater than \$5,000 up to \$20,000	7.5% up to a maximum of \$650
Greater than \$20,000 up to \$200,000	5.0% up to a maximum of \$2,000
Greater than \$200,000	None

Table 2: Local Supplier Preference values

Plant Hire is excluded from the application of the Local Supplier Preference as local suppliers have an advantage in regard to the transport of plant to site.

4.4. Purchasing Delegations



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The Chief Executive Officer has the delegated authority to allocate financial delegation to positions within Council. These are provided below in Table 3. Any new positions or changes/variations must be approved by the Chief Executive Officer in accordance with the relevant legislation.

Position	Amount
Chief Executive Officer	\$100,000
Executive Infrastructure & Services Manager	\$20,000
Executive Finance Manager	\$20,000
Executive Environmental Services Manager	\$20,000
Store Manager, Store stock only	\$20,000
Governance Manager	\$5,000
Office Manager	\$5,000
Aged Care Coordinator	\$3,000
Fleet Manager	\$3,000

Table 3: Purchasing Delegations.

5. Inclusions and exclusions

For the purposes of this policy, the following inclusions and exclusions apply:

- Disposal of land and valuable non-current assets. Section 227 of the *Local Government Regulation 2012* provides that land and valuable non-current assets must be disposed of by way of auction or by inviting tenders.
- Additional exceptions are permissible where Council considers that one of the following circumstances is evident:
 - Council is satisfied that only 1 supplier is reasonably available;
 - Council determines that due to the specialised or confidential nature of the services sought, it would be impractical or disadvantageous for Council to invite quotes or tenders;
 - A genuine emergency exists as determined by the Mayor or CEO;
 - The contract is for the purchase of goods and is made by auction;
 - The contract is for the purchase of second-hand goods; or
 - The contract is made with, or under arrangement with, a government body.



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6. Relevant Legislation

- Local government Act 2009
- Local Government Regulation 2012.

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- (1) A local government must prepare and adopt a policy about procurement (a *procurement policy*).
- (2) The procurement policy must include details of the principles, including the sound contracting principles, that the local government will apply in the financial year for purchasing goods and services.
- (3) A local government must review its procurement policy annually.

7. Variations

MASC reserves the right to vary, replace or terminate this policy from time to time.

8. Related Policies and Procedures

- Code of Conduct
- Contract Negotiations Policy
- Credit Card Policy
- Disposal of Current Assets Policy
- Fraud and Corruption Plan

9. Policy Version and Revision Information

Policy authorised and adopted by:

Naseem Begam Chetty: Chief Executive Officer
and The Mapoon Aboriginal Shire Council.

Policy Maintained by: Executive Manager
Finance

Original issue: 1/5/19

This version: 2.0

Date Adopted: 16 June 2020

Review Date: 30/6/2020



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10. Workplace Participant Acknowledgement

I acknowledge:

- a) Receiving this MASC Policy;
- b) That I should comply with this policy; and
- c) That there may be disciplinary consequences if I fail to comply, including termination of employment.

Your name:

Signed:

Date:
