
PROCUREMENT POLICY

APPROVALS

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CATEGORY	Statutory
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POLICY OWNER	Contracts and Procurement
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OBJECTIVE

This policy establishes the principles that shall govern Isaac Regional Council's contracting and procurement practices, in line with the *Local Government Act 2009*. These principles shall ensure goods and services are sourced in a fair and ethical manner, with minimal risk and still demonstrate the best value, in terms of cost, and quality whilst considering social, economic, and environmentally sustainable aspects.

SCOPE

This policy applies to all procurement and contracting activities undertaken by Isaac Regional Council in the acquisition of goods and services, and is binding upon the Council and its officers, temporary employees, contactors and consultants whilst engaged by the Council.

DEFINITIONS

TERM / ACRONYM	MEANING
ACL	Approved Contractor List. A list of Contractors who the local government considers to be appropriately qualified to provide the <i>services</i> , as established through an Expression of Interest. Successful appointment to this list is no guarantee of receiving an order for supply of goods or services.
Contractual Arrangement	A Contract for a defined parcel of works as per the Contract reference documentation; or The supply of goods and services of a similar type over a financial year as per Purchase Order/s.
Council / IRC	Isaac Regional Council
Large-Sized Contractual Arrangement	A contractual arrangement with a supplier that is expected to be worth \$200,000 or more (excl GST) over the proposed term of the contract.
LGAQ	Local Government Association of Queensland
MC&P	Manager Contracts and Procurement. Council's policy advisor on procurement and contracts, and custodian of Council's approved standard conditions of contract.
Medium-Sized Contractual Arrangement	A contractual arrangement with a supplier that is expected to be worth between \$15,000 but less than \$200,000 (excl GST) over the proposed term of the contract.
Procurement	The acquisition of goods or services from an external third party, usually procured at the best possible cost to meet the needs of Council in terms of quality, quantity, time, and location.

PSA	Preferred Supplier Arrangement. An agreement with a vendor as the sole point of supply to provide the requested goods or service at the contractually agreed rates for the duration of the agreed term.
RPQS	Register of Pre-Qualified Suppliers. A panel of suppliers who are considered by Council as having the technical, financial and managerial capability necessary to perform contracts on time and in accordance with agreed requirements. Successful appointment to the panel is no guarantee of receiving an order for supply of goods or services.
Sound Contracting Principles	The five sound contracting principles as detailed within Chapter 4, s104 of the Local Government Act 2009
SPRG	Strategic Procurement Reference Group. The group formed to provide advice to the Executive Leadership Team (ELT) and to collaborate and engage throughout the organisation to apply a strategic and integrated level of thinking and practice to the organisation's procurement activities.

POLICY STATEMENT

COUNCIL'S / MANAGEMENT'S POSITION

Isaac Regional Council is committed to ensuring a fair, transparent and accountable process in its procurement of the goods and services required to deliver quality outcomes to the community.

All procurement activity and transactions shall comply with the *Local Government Act 2009*, the *Local Government Regulation 2012*, and this Procurement Policy.

GUIDING PRINCIPLES

Council's fundamental objective when procuring goods and services is to always obtain the most advantageous outcome. This may not necessarily mean accepting the lowest priced offer, as the purchasing decision shall also consider non-price attributes.

Chapter 4, s104 of the *Local Government Act 2009* requires that a local government adheres to the following five *sound contracting principles*.

- Value for Money

In determining the value for money aspect of a purchase, Council will take into consideration whole of life costs, fitness for purpose, risks and quality assurance in addition to the up-front cost.

- Open and Effective Competition

Council shall give fair and unbiased consideration to all prospective suppliers when evaluating offers. This is so vendors, contractors and the general public have confidence in the procurement process.

- Development of Competitive Local Business and Industry

To promote economic sustainability for the region, Council shall evaluate offers of supply from vendors by the parameters set within the IRC Local Preference Policy.

- Environmental Protection

For the benefit of future generations, procurement decisions shall consider societal aspects, cultural, heritage and environmental protection.

- Ethical Behaviour and Fair Dealing

Council will conduct its procurement activities in a fair, honest and open manner, demonstrating the highest level of integrity, consistent with the public interest. This requirement is reiterated through the IRC Code of Conduct, the *Public Sector Ethics Act 1994*, and the *Integrity Act 2009*.

COMPETITIVE BIDDING REQUIREMENTS

Isaac Regional Council have determined the following competitive requirements are to apply when sourcing goods and services. The limit is based on the value of the expected expenditure or contractual arrangement over the life of the engagement.

This applies to use of financial delegations and purchase cards

Limit (Excl. GST)	Requirement
Less than \$1500	Verbal Quotation may be accepted, however written quote preferred.
\$1,500 <-> \$15,000	Minimum of two written quotations
\$15,000 <-> \$200,000	Minimum of three written quotations via a formal RFQ process. Note prior to quotes being sought, where the estimated value of the project is greater than \$150,000, consideration should be given to the potential for proposals to exceed the tender threshold, through market rates or future variations.
Greater than \$200,000	Invitation for written tenders are required.

- Purchasing Card

The use of purchasing cards for facilitating payment of low value requirements is acceptable when used in accordance with the IRC Procurement Policy and the IRC Purchasing Card Policy.

- Exceptions to Competitive Bidding Requirements

Exceptions for Medium and Large-sized contractual arrangements are outlined within Division 3, s229 – s235 of the *Local Government Regulations 2012*.

Notwithstanding the provisions within Division 3 of the *Local Government Regulations 2012*, Council shall attempt, where feasible, to adhere to the stated competitive bidding requirements. This includes

when sourcing through an Approved Contractor List (ACL), Register of Pre-Qualified Suppliers (RPQS), or LGAQ arrangements.

Preferred Supplier Arrangements (PSA) that have a single supplier established following an appropriate sourcing exercise are excluded from this requirement for ongoing access to the service or goods as established under the contract.

Confirmation of the application of a Division 3 exception and exceptions to the IRC Procurement Policy will require approval by the Manager Contracts and Procurement in the first instance.

DELEGATIONS OF AUTHORITY

- Financial Authority

Financial delegations for the authorisation of expenditure, including purchase cards are maintained within the IRC Financial Delegations Register.

Splitting a cost over multiple Purchase Orders to avoid the correct approval level is not permitted.

IRC employees are not to request the supply of goods or services from suppliers without an IRC Purchase Order. Genuine emergent work will require a Purchase Order to be raised at the first available opportunity.

- Contractual Authority

The authorisation to sign Contracts (or variations to a contract) is separate to financial delegations. The personnel who have delegated authority to sign contracts (based on the aggregate value) on behalf of Council is maintained in the IRC Administrative Delegations Register.

- Technical Authority

Decisions that are of a technical nature and require specialised knowledge inextricably linked with the procurement of the product, require consultation and approval from the subject matter expert before either Financial Authority or Contractual Authority. The following table indicates when these people are to be consulted for the Procurement of particular products.

Department	Products
ICT	Hardware equipment, and Software requirements.
Organisational Safety	Health and safety requirements (not currently in range)
Brand Media and Communications	Branding and Marketing requirements
Governance	Legal advice including easements and land acquisitions.
Engineering	RPEQ qualified technical advice for civil, electrical or mechanical

SEGREGATION OF DUTIES

In order to reduce the risk exposure of fraudulent behaviour, the following procurement tasks are separated.

- The person who raised the initial request cannot exercise financial approval of the expense.
- The person who exercised financial approval of the expense shall not issue the purchase order, for values greater than \$1,500.
- The person who issued the purchase order shall not conduct the receipt of the goods/service.
- A person who performs accounts-payable functions may not perform procurement functions and vice versa. Specifically, a person must not have the ability to raise purchase orders and pay invoices against purchase orders.
- A person who creates or amends vendor records shall not perform any other procurement role.

VENDOR MANAGEMENT

Vendors are not to be engaged in the supply of goods or service without first being approved and set up as a vendor within Councils computerised financial system.

New vendor creations, and changes made to a vendor's bank account details in the Councils computerised financial system, require verification by a second authoriser.

COMPLIANCE

The Strategic Procurement Reference Group (SPRG) shall provide quarterly reports to the Audit and Risk Committee demonstrating the levels of compliance with IRC Procurement Policy and the *Local Government Regulations 2012*.

LEGISLATIONS AND RELATED GUIDELINES

- *Local Government Act 2009*
- *Competition and Consumer Act 2010*
- *Public Sector Ethics Act 1994*
- *Integrity Act 2009*
- *Local Government Regulations 2012*
- Queensland Charter for Local Content
- Australian Standards

REFERENCES

ID	NAME
STAT-POL-086	Local Preference Policy
CORP-POL-067	Purchasing Card Policy
CORP-PRO-104	Procurement Procedure
N/A	IRC Financial Delegations Register (Available on IRIS)
N/A	IRC Administrative Delegations Register (Available on IRIS)
CORP-POL- 079	Code of Conduct
CORP-POL-120	First Nations Policy