

	<h1>PURCHASING POLICY</h1>	Policy No. 3.7		
		LAST REVIEW Jan 2018	NEXT REVIEW Jan 2020	MINUTE REF C22/1-18
POLICY STATEMENT:	<p>1.1 Kingborough Council is committed to implementing efficient, effective and sustainable procedures in all purchasing activities.</p> <p>1.2 The purpose of this policy is to set out a framework for all purchasing of goods and services by Council.</p>			
DEFINITIONS:	<p>Act is the Local Government Act 1993 (Tasmania).</p> <p>Amount is the actual price, or a genuine forecast of the actual price based on quotations or tenders, (excluding GST) for the goods or services to be purchased over the full commitment or term (including extension options) of a contract arising from the purchasing activity. Note: The <i>Amount</i> replaces the <i>Value</i> once market testing has been completed.</p> <p>Authorised Purchasing Officer is a Council employee authorised under clause 4.8d) to approve a purchase order or contract.</p> <p>Authorised Payment Officer is the officer authorised under clause 4.9b) to approve an invoice or payment.</p> <p>Evaluation Team is the team established under clause 4.7 of this policy.</p> <p>Higher Risk purchases are goods or services that are outside the definition of <i>Lower Risk</i> purchases.</p> <p>Local supplier means a supplier both having a business premises within Kingborough Municipality and liable for payment of rates to Kingborough Council.</p> <p>Lower Risk purchases are standard goods or services that are repetitively provided by the supplier, typically “off the shelf” goods including catalogued options. Services involving construction or installation work performed on Council premises are not Lower Risk.</p> <p>Prescribed Amount is the amount (excluding GST) referred in section 333A of the Act and described in regulation 23 of the Regulations.</p> <p>Regulations are the Local Government (General) Regulations 2015 (Tasmania).</p> <p>Value means a genuine pre-estimate of the likely market price (excluding GST) for the goods or services to be purchased over the full commitment or term (including extension options) of a contract arising from the purchasing activity.</p>			
OBJECTIVE:	<p>2.1 The objectives of this Purchasing Policy are to achieve the following principles in Council’s purchasing:</p> <ol style="list-style-type: none"> a) Goods and services are obtained at the best value for Council, taking into consideration factors such as price, quality and availability; b) Goods and services are suitable for their intended purpose and are received in a timely manner; c) Prospective suppliers are provided with reasonable opportunities to compete for supply of goods or services to Council, without incurring excessive costs to submit quotations or tenders; d) Activities are conducted ethically and fairly; and e) <i>Local suppliers</i> are encouraged to compete to provide goods and services and are not disadvantaged by Council’s purchasing methods. 			

<p>SCOPE:</p>	<p>3.1 This Policy applies to all purchasing activities carried out for Council, including those carried out by external parties on behalf of Council.</p> <p>3.2 This Policy identifies situations where public tenders are required and the minimum requirements for purchasing activities that are not subject to public tendering.</p> <p>3.3 The manner in which public tenders will be sought, evaluated and contracts awarded is covered by the Code for Tenders and Contracts. To the extent that any detail within the Code for Tenders and Contracts differs from this Policy, the details in the Code for Tenders and Contracts take precedence.</p> <p>3.4 This Policy expands the detail from the Delegated Authority Policy in regard to committing expenditure and approving payments. To the extent that any detail within this Policy differs from the Delegated Authority Policy, the details in this Policy take precedence.</p>
<p>PROCEDURE: (POLICY DETAIL)</p>	<p>4.1 Goods or services will be purchased in conformity with the <i>Act, Regulations</i>, this Policy and the Code for Tenders and Contracts, current at commencement of procurement planning for those goods or services.</p> <p>4.2 Goods or services with a <i>Value</i> at or above the <i>Prescribed Amount</i> will be obtained by:</p> <ul style="list-style-type: none"> a) Inviting public tenders where required by Regulation 23 of the <i>Regulations</i>; b) Any permitted means where an exemption is permitted under Regulation 27 of the <i>Regulations</i>. <p>The invitation of public tenders is not precluded where Regulation 27 applies if public tenders are determined by the General Manager to best satisfy Council's purchasing objectives.</p> <p>4.3 The General Manager will report to Council in all instances where public tenders or quotations are not being sought for purchases above the <i>Prescribed Amount</i> as required by Regulation 28(j). The following minimum information will be included in the report to Council:</p> <ul style="list-style-type: none"> a) a brief description of the reason for not inviting public tenders or quotations; b) a brief description of the goods or services; c) the estimated <i>Value</i> of the goods or services; and d) the name of the (recommended) supplier. <p>Except in the case of an emergency the report will form part of the normal authority to approve purchases process. In the event of purchasing commitments being made in an emergency, the report will be provided to the first ordinary meeting of Council after the emergency has concluded.</p>
	<p>4.4 The Code for Tenders and Contracts will apply where public tenders are invited, unless an alternative approach is approved. For goods or services with a <i>Value</i> below the <i>Prescribed Amount</i> the alternative approach may be approved by the General Manager, otherwise approval by Council is required.</p> <p>4.5 Where the Code for Tenders and Contracts does not apply to a particular tender this will be clearly stated in the Tender Package.</p> <p>4.6 Goods or services with a <i>Value</i> below the <i>Prescribed Amount</i> require the minimum number of quotations below, except where exemptions are authorised as clause 4.6 f):</p> <ul style="list-style-type: none"> a) Obtaining quotations is at the discretion of the <i>Authorised Purchasing Officer</i>, with no minimum requirement, for purchases to a <i>Value</i> of \$1,000;

- b) At least 1 verbal quotation is required for purchases with a *Value* between \$1,001 and \$5,000;
- c) At least 2 written quotations, or 2 verbal quotations obtained from a written request, are required for *Lower Risk* purchases with a *Value* between \$5,001 and \$30,000;
- d) At least 2 written quotations are required for *Higher Risk* purchases with a *Value* between \$5,001 and \$30,000;
- e) At least 3 written quotations are required for purchases with a *Value* between \$30,001 and the *Prescribed Amount*;
- f) Exemptions from the minimum requirements of clauses 4.6 b) to e) can be authorised by the General Manager, or for purchases up to a *Value* of \$30,000 by a manager directly reporting to the General Manager.
- g) A higher number of quotations may be sought, or public tenders invited, where assessed as necessary to satisfy Council's purchasing objectives.

4.7 An *Evaluation Team* will be convened for all purchases with a *Value* above \$100,000. The *Evaluation Team* may be different for each purchase and will comprise not less than 3 persons jointly:

- a) Providing knowledge of both technical and commercial aspects of the purchase; and
- b) From at least two different Council Departments.

The *Evaluation Team* will prepare a written summary of the evaluation method, criteria, allocated scores and recommended supplier.

4.8 Authority to Approve Purchases:

- a) Acceptance of tenders and quotations for the purchase of goods or services at or above the *Prescribed Amount* must be approved by Council.
- b) The General Manager is authorised to accept tenders and quotations for the purchase of goods or services at or above \$100,000 and below the *Prescribed Amount* taking into account the recommendation from the *Evaluation Team*. The General Manager will retain a written record of the reasons if the recommendation from the *Evaluation Team* is not accepted.
- c) The General Manager is authorised to approve purchases of goods or services below \$100,000, after determining that appropriate processes have been followed.
- d) The General Manager is permitted to appoint *Authorised Purchasing Officers* who are then authorised, to an *Amount* set by the General Manager but not exceeding \$100,000, to determine that appropriate processes have been followed and to approve purchases of goods or services.

4.9 Authority to Approve Payments:

- a) The General Manager is authorised to approve payment for supply of goods or services for any *Amount* provided that the purchase was approved according to clause 4.8.
- b) The General Manager is permitted to appoint *Authorised Payment Officers* who are then authorised, to an *Amount* set by the General Manager but not exceeding the *Prescribed Amount*, for each authorised payment, to determine that the payment is due and to approve payment for goods or services, provided that the purchase has been approved under clause 4.8.
- c) *Authorised Payment Officers* cannot approve payment if the purchase has not been approved under clause 4.8 unless the approver is an *Authorised Purchasing*

	<p><i>Officer</i> for the total <i>Amount</i> of goods or services arising from the purchasing commitment.</p> <p>4.10 The General Manager will establish and maintain registers of:</p> <ul style="list-style-type: none"> a) <i>Authorised Purchasing Officers</i>; b) <i>Authorised Payment Officers</i>. <p>4.11 The General Manager will establish and maintain procedures for implementing this Policy for:</p> <ul style="list-style-type: none"> a) Conducting purchasing activities where the <i>Value</i> is at or above the <i>Prescribed Amount</i>; b) Conducting purchasing activities where the <i>Value</i> is below the <i>Prescribed Amount</i>; <p>4.12 Annual reporting in relation to tenders and contracts as required by the Act and Regulations.</p>
GUIDELINES:	5.1 Guidelines and procedures for implementation of this Policy are separately maintained as administrative documents.
COMMUNICATION	6. This Policy will be published on Council's internet and intranet sites.
LEGISLATION:	<p>7.1 Section 333A of the <i>Local Government Act 1993</i> and Regulations 23 to 26 of the <i>Local Government (General) Regulations 2015</i> determine the manner in which purchasing activities must generally be conducted where the value of a contract exceeds a <i>Prescribed Amount</i>.</p> <p>7.2 Note: The <i>Prescribed Amount</i> under the 2015 <i>Regulations</i> is \$250,000 (excluding GST).</p> <p>7.3 Section 333A of the <i>Act</i> and Regulation 27 of the <i>Regulations</i> prescribe situations and contracts where Regulations 23 to 26 do not necessarily apply.</p> <p>7.4 Section 333B of the <i>Act</i> and Regulation 28 of the <i>Regulations</i> require Council to adopt a Code for Tenders and Contracts and define the requirements for that Code.</p>
RELATED DOCUMENTS:	<p>Council's Code for Tenders and Contracts (Policy No. 3.12) sits alongside this Policy and sets out the manner in which tenders for goods or services above the <i>Prescribed Amount</i> will be conducted by Council.</p> <p>Council's Delegated Authority Policy (Policy No. 1.1) includes authorities delegated to the General Manager, in relation to purchasing activities, and defines those which may be sub-delegated. To the extent that any detail within this Policy differs from the Delegated Authority Policy, the details in this Policy take precedence.</p>
AUDIENCE:	<p>This Policy is intended for Council Employees, Councillors and external parties.</p> <p>The policy is publicly accessible via Council's website.</p>