

To ensure that this policy meets all legislative responsibilities, the Procurement team reviews all appropriate legislation and ensures that these are addressed in this Policy. Benchmarking also occurs with other Local and State Governments to determine public sector trends and identify best practice procurement activities.

A peer review of this policy is conducted annually with Council officers to ensure that it meets their operational requirements and provides all necessary information to provide high level and efficient guidance in the procurement process.

COMMENT:

Feedback was requested and received back from a number of Executive Managers and Council Officers. This feedback has been considered and incorporated where appropriate into the updated Policy.

There have been no legislative changes regarding procurement in the last financial year that need to be addressed in this Policy. All changes recommended are based towards improving applicability and practicality of the Policy for Council's operational and capital requirements.

OPTIONS:

Option 1: (Recommended)

That Council adopts the proposed amendments to the Procurement Policy.

Option 2:

That Council does not adopt the proposed changes to the Procurement Policy and requests further investigation, consultation or amendments to be made.

CONSIDERATIONS:

Risk Management:

The Procurement Policy ensures that all legislative requirements in regard to procurement processes are fulfilled and that best practice procurement activities are implemented and followed to mitigate potential risks and issues to Council.

Council Finance and the Local Economy:

In terms of delivering sound governance and economic management, the ongoing annual review of the Procurement Policy ensures responsible financial and professional practices are utilised to maintain a sustainable framework within procurement across Council. It also ensures that Council provides sound governance and economic management in monitoring and controlling the sourcing and purchasing process.

The Procurement Policy provides guidance and encouragement for the utilisation of local suppliers to ensure that the local economy is well supported by Council procurement activities.

Corporate and Operational Plans:

The process of reviewing the Procurement Policy supports the Corporate Plan 2021-2026 within the following areas of focus:

- Focus 1: Robust Economy – ‘Supporting a diversified and resilient economy that backs business innovation, growth and jobs’; and
- Focus 2: Focused Council – ‘Being a leader in local government’.

Statutory:

The *Local Government Act 2009* and the *Local Government Regulation 2012* applies.

CONSULTATION:

To ensure that this policy reflects and meets current business and operational needs whilst meeting legislative requirements, Procurement has consulted and liaised with the business and specifically a number of relevant Executive Managers and Council Officers. Where relevant and appropriate, feedback and suggestions have been incorporated into this Policy.

Upon adoption of this Policy, the Procurement team will implement training and education via a procurement “roadshow” presentation program regarding best practice procurement activities to all new and existing Council officers involved in purchasing and project roles.

ATTACHMENTS:

Attachment 1 – Updated Procurement Policy ([#1194484v25](#)) based on proposed amendments Mark Up Version

Attachment 2 – Updated Procurement Policy ([#1194484v26](#)) based on proposed amendments Clean Version




Geoff Burdon
Executive Manager Procurement and Payables



Lisa Whitton
Chief Financial Officer

Attachment 1 – Updated Procurement Policy (#1194484v25) - Mark Up Version

CAIRNS REGIONAL COUNCIL	
<u>PROCUREMENT POLICY</u>	
General Policy	
Intent:	This document sets out Cairns Regional Council's policy for the acquisition of goods and services and applies to <u>all-sourcing and</u> procurement activities of Council.
Scope:	<p>This policy applies to the <u>sourcing and</u> procurement of all goods, services, equipment, construction contracts and service contracts (including maintenance). The policy:</p> <ul style="list-style-type: none"> • refers to procurement activities across the whole of Cairns Regional Council (Council); • applies to all materials, products and services procured by Council, including items procured by third parties (such as contractors) acting as representatives for Council; and • acknowledges that Council cannot achieve its corporate goals and objectives on its own and will require the assistance and support of suppliers and relevant organisations.
DEFINITION OF PROCUREMENT	
<p>"Procurement" means <u>sourcing</u>, purchase, hire, lease, rental, exchange or any other commercial transaction involving the outlay of funds in return for the provision of goods, equipment and related services, construction contracts and service contracts to Council, council officers and agents unless specifically exempted under the provisions of this policy.</p>	
<p><u>"Sourcing" means the process of market analysis and identifying supplier/contractors in the marketplace, their availability, capacity and other characteristics such as pricing etc that will impact on their ability to provide Council with the most beneficial outcomes in the provision of the required goods, services or works.</u></p>	
PROVISIONS	
Introduction	
<p>All Council procurement must be carried out in compliance with the <i>Local Government Act 2009</i>, and the <i>Local Government Regulation 2012</i> (the Regulation) <u>and align with Council's Corporate Plan.</u></p>	
Objectives	
<p>Council's procurement activities aim to achieve beneficial outcomes by:</p>	
<ul style="list-style-type: none"> • promoting value for money with probity and accountability; • advancing Council's economic, social and environmental policies; <u>providing reasonable opportunity for local businesses to supply to Council;</u> • <u>preference the use of local suppliers in providing services wherever possible, where competitive levels of quality, service, efficiency, cost effectiveness and value for money are demonstrated;</u> • promoting compliance with relevant legislation; and • promoting continuous improvement and best practice in procurement activities. 	
Responsibility	
<p>Council officers are required to:</p>	
<ul style="list-style-type: none"> • adhere to the "sound contracting principles" as stipulated in the <i>Local Government Act 2009</i>; • conduct all procurement and contracting activities in a transparent manner demonstrating probity and accountability; • preserve Council's integrity in the procurement process to ensure that Council acts transparently and with fairness in all dealings; and 	

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- ~~abide by Council's Code of Conduct (#931166) and all applicable policies and instructions, including declaration of any conflict of interest; and~~
- ~~Adhere to and abide by all the requirements under the Public Records Act 2002,~~
- ~~declare and report any actual, potential or perceived conflicts of interest ‡ prior to and during any business dealings as per Council's Code of Conduct, as well as other internal Administrative Instructions and other relevant legislation and policies.~~

SOUND CONTRACTING PRINCIPLES

Council officers must have regard to the following contracting principles in all procurement activities:

- a) ~~(a)~~ value for money;
- b) ~~(b)~~ open and effective competition;
- c) ~~(c)~~ the development of competitive local business and industry;
- d) ~~(d)~~ environmental protection; and
- e) ~~(e)~~ ethical behaviour and fair dealing.

a) 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 and supporting the advancement of Council's priorities and strategic objectives including buying local wherever possible;
- fitness for purpose, quality, services and support;
- whole-of-life costs including costs of acquiring, using, maintaining and disposal;
- internal administration costs;
- technical compliance issues;
- risk exposure; and
- benefit to the community (e.g. employment of local labour).

b) Open and effective competition

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

- procurement and contracting processes are visible and transparent to Council, suppliers and the public;
- suppliers wishing to supply their goods and services have an equal opportunity to do business with Council and are given reasonable opportunities to do so; and
- invitations are specified in such a way as to encourage competition amongst suppliers, with a view to attracting the best value for money offers.

c) The development of competitive local business and industry

Council encourages development of competitive local business and industry when entering into contracts for the supply of goods or services, or for carrying out of works. In addition to price, performance, quality and suitability, Council may also consider the following factors:

- employment opportunities for the region;
- economic growth for the region;
- readily available goods, services and support; and
- the benefit to Council of contracting with local suppliers and the associated local commercial transactions that flow from that contracting.

In this policy, the definition of a "local supplier" is a supplier which:

- is beneficially owned and operated by persons who are residents or ratepayers of the Local Government area of Council; or
- has its principal place of business within the Local Government area of Council; or
- otherwise has a place of business within the Local Government area of Council that solely or primarily employs persons who are residents or ratepayers of the Local Government area of Council.

Where offers such as quotes or tenders from non-local suppliers are sought or evaluated, the officer with the delegation relevant to the procurement, will need to be satisfied that such an approach clearly reflects the most advantageous outcome for Cairns.

d) Environmental protection

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Council promotes environmental protection and responsibility through its purchasing procedures. In undertaking procurement activities Council will endeavour to:

- promote the procurement of environmentally friendly goods and services that satisfy value for money criteria;
- foster the development of products and processes of low environmental and climatic impact;
- provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- encourage environmentally responsible activities.

Council may also consider the following:

- the environmental performance of prospective contractors or suppliers;
- the selection of products that may have a reduced impact on human health and / or the natural environment; and
- the environmental impact and performance of a requested product, such as energy and / or water efficiency rating, fuel efficiency, durability, recycled content, toxicity, origin of any components made from wood (e.g. paper products) and end of life disposal.

e) Ethical behaviour and fair dealing

Ethical behaviour and fair dealing will be promoted by fulfilling the requirements of Council's *Code of Conduct*, working with sound ethics and ensuring that Council officers:

- apply sound ethical principles and equitable dealings with fair and reasonable opportunities to all suppliers;
- ensure probity, transparency, impartiality and accountability for all procurement and contracting activities;
- use procurement and contracting processes, systems and procedures that provide a consistent approach to Council's legislative and policy requirements;
- promote high standards of professionalism in procurement and contracting activities; and
- act with integrity and in a way that shows concern for public interest.

~~It is the responsibility of Council officers to declare and report any actual, potential or perceived conflicts of interest to their Branch Manager prior to and during any business dealings consistent with Council's Code of Conduct, with the Benefits, Gifts and Prizes Administrative Instruction and other relevant legislation and policies.~~

Modern Slavery Act

~~Council does not tolerate modern slavery within its business and supply chains. Council is committed to acting ethically and with integrity and transparency in all business dealings. Council has effective and reasonable systems and controls in place to reduce the risks of modern slavery, and to best ensure that modern slavery is not taking place within the Council's business or its supply chains.~~

Human Rights Act

~~Council respects and promotes human rights as described by the Act. Council is committed to ensure values such as fairness, equality, respect and effective protection against discrimination in all business dealings. Council has effective and reasonable systems and controls in place to reduce the risks of making decisions that are not compatible with human rights, and to best ensure that proper consideration is given to all human rights relevant to the decision taking place within the Council's business or its supply chains.~~

Complaints Process

~~Complaints concerning procurement and disposal activities are managed through Council's General Complaints Management Policy.~~

EVALUATION OF TENDERS AND QUOTES

The sound contracting principles are ~~to be~~ utilised in the evaluation of all quotes and tenders along with other selective criteria determined relevant to the procurement activity, including but not limited to the procedures and evaluation criteria specified within the quote or tender documentation. It is recommended that:

- evaluation and probity plans are developed for procurement activities where relevant, including declaration of any potential, perceived or actual conflicts;

- interactions and content of meetings with suppliers are noted and recorded;
- suppliers' commercially-confidential information and/or intellectual property is safeguarded.

Ultimately, selection is to be based on the most advantageous outcome for Cairns.

PROCUREMENT GUIDELINES

Procurement Thresholds

Value Threshold*	Minimum Requirements
Less than \$5,000	Obtain at least one verbal or written quote
\$5,000 to less than \$15,000	Obtain two written quotes
\$15,000 to less than \$200,000	Obtain three or more written quotes
\$200,000 or more	Public tender required

* All amounts are GST exclusive

When seeking quotations, officers should consider the likelihood of exceeding the value thresholds listed above *in a financial year* (excluding GST), or over the proposed term of any contractual arrangement, with a *supplier*. If there is a risk that these limits will be exceeded, then the appropriate number of quotes or a public tender should be sought. All thresholds are cumulative thresholds. If the anticipated value of goods or services of a similar nature procured from the same supplier exceeds \$200,000 in a financial year, or over the proposed term of the contractual arrangement, then a public tender is required.

For contracts where Council receives revenue, the thresholds above apply and 'value' refers to the total amount to be paid to Council.

Expressions of Interest (EOI)

Prior to issuing an EOI with an expected value over \$200,000 ex GST, a Council resolution must be obtained. EOIs may only be utilised to facilitate a closed tender process if Council has decided by resolution that it would be in the public interest to call for EOIs before inviting tenders and has recorded its reasons for doing so, including community benefits in the minutes of the meeting.

EOI's may be called under the \$200,000 threshold without a Council resolution, however the EOI process must still comply with the normal procurement threshold guidelines.

Corporate Credit Cards

The use of Council corporate credit cards are for general purchases and expenses only. Credit cards should only be utilised after assessing the procurement activity and ensuring that there is no other option that is better suited to address this matter.

All Council card holders have the authority to incur expenditure up to the limit on their card for approved Council business. Corporate credit cards should be used where appropriate, based on risk and compliance with Council's procurement requirements. The ~~procurement~~ guidelines based on the [procurement](#) thresholds above must be followed.

Sponsorship and Resource Performance Agreements

Council may:

- receive incoming sponsorship or sponsorship benefits from an external party; or
- provide outgoing sponsorship or resource performance benefits (such as cash or in kind service provision); or
- provide grant funding (separate to its Community Grants Policy) to non-community organisation tied to delivery by funded entities to defined outcomes or deliverables.

In all agreements of this nature, Council must have regard to the sound contracting principles as well as the local government principle of sustainable development and management of assets and infrastructure.

Council Grants

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Grants to community organisations are to be conducted in accordance with Council's [Community Grants Policy #4550069](#).

Grants to commercial organisations must align with the requirements and intent of this Procurement Policy and the legislative sound principles of contracting. The value and nature of the grant will dictate the appropriate procurement requirement or most applicable exemption.

EXEMPTIONS TO PROCUREMENT GUIDELINES

Legislation obligates Council to utilise a public tender process (or a closed tender process if an expression of interest has first been called to shortlist tenderers) before making a contract for the carrying out of work, or the supply of goods or services involving a cost of \$200,000 or more, unless there is a legislative exemption.

Council officers must follow the procurement guidelines unless they utilise a legislative exemption. Exemptions to the procurement guidelines for quotes and tenders are provided for under sections 229 to 235 of the Regulation. These exemptions are:

- a quote or tender consideration plan;
- a contractor on an approved contractor list (ACL);
- a supplier on a register of pre-qualified suppliers (ROPS);
- a supplier on a preferred supplier arrangement (PSA);
- a supplier on another LGA arrangement, e.g. LGAQ (Local Buy).

Further exemptions exist if:

- Council resolves (Council resolution obtained) it is satisfied that there is only one supplier who is reasonably available (sole suppliers); or
- Council resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for the local government to invite quotes or tenders; or
- a genuine emergency exists; or
- the contract is for the purchase of goods and is made by public auction; or
- the contract is for the purchase of second-hand goods; or
- the contract is made with, or under an arrangement with, a government agency e.g. Queensland State Government arrangements.

Refer to sections 230 to 235 of the Local Government Regulation 2012 for further details on the above exemptions.

Tender Consideration Plan

Council may enter into contractual arrangements without first inviting written quotes or tenders if Council resolves to prepare a quote or tender consideration plan and then prepares and adopts the plan. The quote or tender consideration plan is a document stating:

- (a) the objectives of the plan;
- (b) how the objectives are to be achieved;
- (c) how the achievement of the objectives will be measured;
- (d) any alternative ways of achieving the objectives, and why the alternative ways were not adopted;
- (e) the proposed terms of the contract for the goods or services; and
- (f) a risk analysis of the market from which the goods or services are to be obtained.

Register of Pre-Qualified Suppliers (ROPS)

Council may establish a ROPS for the carrying out of works, goods and materials, services or ICT, by inviting public tenders. Suppliers must submit a conforming tender response and if successful following the evaluation process, suppliers are appointed to the ROPS for a term of (usually) two years. Once the ROPS is established, further quotes or cost estimates from selected suppliers are strongly recommended as procurement best practice and to achieve value for money.

For contract durations and extensions where extension options are available, existing suppliers who demonstrate a continuous high quality of service may be extended for an additional term if value for money is demonstrated. This approach is intended to eliminate unnecessary sourcing activities and allow resources to be directed at contracts and arrangements where value for money will be better achieved.

Preferred Supplier Arrangement (PSA)

Council can establish a PSA where better value for money can be obtained by aggregating the demand for goods and services. Council must invite public tenders and evaluate submissions from suppliers in order for suppliers to be successfully appointed to the PSA. Prices or a schedule of rates are usually fixed for the duration of the arrangement.

Sole Suppliers

Where the required goods or services are available only from one original source or available from only one stockist, agent or supplier with relative ease of accessibility to Council, the supply of those goods and or services can be applied for under a sole supplier arrangement via a Council Resolution.

Procurement provides a report on an annual basis listing all proposed sole supplier arrangements, for the financial year, for adoption by Council. A report is presented to Council bi-annually listing expenditure on sole suppliers.

Emergencies

In recognition that full compliance with existing Council procurement procedures may not support Council's needs during a critical or emergency incident, an alternative procurement process may operate during the incident. This alternative process aims to accommodate urgent Council needs, while ensuring that the procurement process adopted is reasonable and conducted with appropriate consideration of standard procurement principles.

Any emergency procurement must be authorised by the Chief Executive Officer or other delegated or legislated authority, once a critical or emergency incident has been declared. Such incidents are:

- A state of disaster declared under the *Disaster Management Act 2003*, or any other emergency declaration made by the State's Premier under an enactment;
- Any incident declared by the Chief Executive Officer where the safety or security of any person or property associated with the Council is threatened; and
- An external incident to which the Chief Executive Officer has authorised the provision of urgent support.

Once the immediacy of the incident has passed, purchase orders must be raised to record the expenditure in the same way as they would have been in normal circumstances.

As soon as practical upon cessation of the emergency, a report must be presented to Council to authorise the unapproved expenditure, where this expenditure exceeds delegation, and the methodology by which it was incurred. The Council Resolution must define the genuine emergency situation (such as natural disaster), as well as delegate authority.

GOVERNANCE

Procurement Review Board

Council administers a Procurement Review Board (PRB) which meets weekly and plays a key role in Council's governance and approvals process for procurement. The purpose of the PRB is to consider and approve Council's significant procurement and contracting activities at two stage gates:-

Stage One—Pre-market: reviews and approves procurement strategy and methodology. This includes the market approach and ensures all relevant risks are identified and addressed. It also ensures that the scope and intent align with Council's Corporate and Operational Plans. -ensures that evaluation panel and selection criteria are relevant to procurement activity and that budget is allocated for expected procurement value.-

Stage Two—Post Market: reviews and approves the recommendations of the evaluation panel ensuring that the recommendation is consistent with the intent of the procurement activity. This ensures that the outcome is one that is most beneficial or advantageous to Council. The PRB will also ensure that the procurement activity is aligned to Council's Corporate and Operational Plans. -and is within allocated budget and that appropriate plans are in place to manage the successful delivery of the activity. e.g. that Council enter into contract utilising appropriate terms and conditions. etc.

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activities and intended market approach. The PRB also approves post-market recommendations for entering into contracts for a procurement engagements.

The following thresholds apply for pre-market and post-market activities:

- All pre-market consultancy market approach with expected value greater than \$100,000 ex GST
- All pre-market procurement proposals with expected value greater than \$200,000 ex GST
- All post-market consultancy recommendations for award greater than \$100,000 ex GST
- All post-market procurement recommendations for award greater than \$200,000 ex GST

The PRB is comprised of the following Board members:

- Chief Executive Officer
- Chief Financial Officer
- Director Cairns Infrastructure and Assets
- Associate Director Engineering Services
- Associate Director Service Delivery
- Director People and Organisational Performance (Governance)
- Executive Manager Procurement and Payables (Procurement)

PRB meetings are also attended by representatives from Governance and Procurement to ensure that sourcing and procurement processes and decisions are robust and meet probity requirements. Other members who are subject matter experts (SME's) are invited when required to enable a comprehensive review of all procurement matters proposed, ensuring recommendations provide Council with the best possible outcomes.

Capital Project Review Board

Council administers a Capital Project Review Board which meets routinely and plays a key role in Council's governance and approvals process for Capital Projects. The purpose of the Capital Project Review Board is to consider and approve the formal commencement of Council's Capital Projects via a Project Launch Approval (PLA). All Capital Projects with an expected value greater than \$200,000 must be approved via this Board. Refer Appendix 1 – Capital Expenditure for further information on Capital expenditure delegations.

Safety in procurement and risk management

Safety in procurement refers to the integration of risk management into the procurement process. Applying risk management principles to the procurement process is an effective way to eliminate or significantly reduce the risks to health and safety.

FINANCIAL AND CONTRACTUAL DELEGATIONS

The Chief Executive Officer implements Council's policies and decisions e.g. spending in accordance with the adopted budget. All delegation amounts are GST exclusive.

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

- the officer has been granted the financial and contractual delegation by the Chief Executive Officer and this delegation has been recorded in the register of delegations, and
- the expenditure is provided for in Council's budget, and
- the officer has received training in Council's procurement systems and procedures, or
- there is a disaster/genuine emergency.

The Chief Executive Officer must approve all financial and contractual delegations by recording them in a register of delegations to enable procurement activities to occur in accordance with the guidelines as shown in Appendix 1.

Variations

A variation is an agreed amendment to a contract that changes the original terms, conditions or scope of the contract. For the purpose of this policy, variation refers solely to a financial deviation from original

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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;
- Each variation requires an additional line item on the purchase order stating the change in scope and cost. 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.

Acquisition of Land

All acquisition of land must be done in accordance with the [Strategic Acquisition of Land General Policy #3665206](#). All acquisitions must be managed by Council's Property Team.

Publishing Details of Contracts

Council is obliged to publish details of all contracts valued \$200,000 or more. These details must be published monthly on Council's website and also on a noticeboard located in the customer service area of the Administration Building in Spence Street, Cairns. 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.

For the purpose of this obligation, a contract is defined as an approved Council purchase order.

SUSTAINABILITY AND SOCIAL PROCUREMENT

Local Suppliers

Council will preference quotes and tenders from local businesses in Cairns. Where appropriate, Council will seek opportunities to engage social enterprises or leverage outcomes through commercial relationships.

Innovation

Innovation is fundamental to achieving the Cairns 2050 Vision, improving quality of life for residents while ensuring our city has the services and infrastructure to meet the needs of future generations. Innovation can also deliver better outcomes for Cairns. Innovative solutions can be developed in the market long before they are identified by Council. Council nurtures and encourages industry to identify and implement innovation. This may be achieved through several initiatives including supplier relationship management, a strategic partnering approach and through best practice procurement.

Sustainable Procurement

Sustainable procurement is the purchase process where Council meets its needs of goods for goods or services that have a reduced negative impact on the environment in a way that achieves value for money on a whole-of-life basis in terms of generating benefits not only to Council, but also to its community, the economy and the natural environment when compared with competing products or services that serve the same purpose. In addition, the adopted Cairns Climate Change Strategy 2030 incorporates commitments to achieve net zero emissions by 2030 for all Council operations. Council will take action to mitigate and adapt to the impacts of climate change through the focus areas of community, industry, energy, transport, built environment, and the natural environment. When compiling any procurement documentation including tenders, contracts, quotes or purchasing arrangements, sustainability requirements for the project must be clearly identified in a project scope.Scope.

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Council applies sustainable procurement by:

- (a) examining organisational, project and community needs for anticipated contracting activities
- (b) refining sustainability strategies for contracting activities, including beneficial reuse where possible
- (c) refining sustainability specifications for contracting activities
- (d) planning and undertaking sustainability evaluations as part of contracting activities.

Council's priority areas for considering sustainable products include, but are not limited to:

- Wood and paper products from sustainable sources;
- Sustainable and safe chemical based products e.g. cleaning products, pesticides, fertilisers or soil enhancers;
- Products that are durable and long lasting e.g. avoiding or reducing disposable products and single use plastics; and
- Products that consume renewable or less energy, fuel or water in their operations.

Social Procurement

Social procurement focuses on human aspects and social equity. Social procurement considers principles of diversity, ethics, acceptance, fairness, compassion, inclusiveness and access for people of all abilities and cultures. Social procurement delivers benefits to Council including:

- positive outcomes for people and contributes towards building stronger and more resilient communities;
- developing and attracting social enterprises;
- encouraging local businesses to include social or community objectives into business practices;
- promoting employment opportunities and inclusive and accessible work environments for indigenous businesses, young people or older persons who are unemployed, people from Culturally and Linguistically Diverse (CALD) backgrounds and people with disabilities; and
- building the skills, knowledge and ability of not-for-profit community groups to enable them to access funding, expand services and complete for business.

Sustainable and social procurement must be conducted in line with consideration to the sound contracting principles and other legislative requirements.

This policy is to remain in force until otherwise determined by Council.

General Manager Responsible for Review:

Chief Financial Officer

ORIGINALLY ADOPTED: 19/5/2003
CURRENT ADOPTION: 30/06/2021
DUE FOR REVISION: 30/06/2022
REVOKED/SUPERSEDED:



Mica Martin
Chief Executive Officer

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Appendix 1 – Financial and Contractual Delegations

Officers may incur expenditure on behalf of Council but only if the expenditure is provided for in Council's budget and the officer's position has been delegated the power to enter into contracts up to an amount not less than the amount of the expenditure proposed to be incurred.

Each delegation to an officer of the power to enter into contracts must be delegated by the Chief Executive Officer.

The delegation is a positional delegation and remains in force unless revoked by the Chief Executive Officer.

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

OPERATIONAL EXPENDITURE

Delegation Level	Operational Expenditure within Budget	Expenditure Outside of Budget
Chief Executive Officer	Up to \$500,000 ¹ Up to \$1,000,000 ²	Utilise emergency provisions of the <i>Local Government Act 2009</i> . These require a subsequent Council Resolution.
<u>Executive Manager Procurement and Payables</u>	Up to \$500,000 ³	Nil
<u>General Managers/Directors</u>	Up to \$200,500,000	Nil
<u>Associate Directors</u>	<u>Up to \$200,000</u>	<u>Nil</u>
<u>Branch Executive Managers</u>	Up to \$100,000 ⁴	Nil
Coordinators / Senior Officers ⁵	Up to \$50,000	Nil
Supervisors / Team Leaders	Up to \$25,000	Nil
Appropriate Support Staff	Up to \$10,000	Nil

All delegation amounts are GST exclusive

¹ Council further delegates to the Chief Executive Officer the authority to negotiate, finalise and execute recurring operational expenditure, for example electricity, telephone, vehicle registration, Cairns Works internal orders and others, regardless of whether the value of the expenditure is more or less than \$500,000 (see Appendix 2).

² Expenditure of this value can only be incurred with Mayor's approval.

³ Manager Procurement and Payables – for any amendment on a Purchase Order greater than \$100,000 and up to \$500,000. These are Purchase Orders already approved by the CEO or delegated authority. This amendment delegation improves the administration efficiency of the amendment process up to an aggregated Purchase Order value of \$500,000. To provide the highest level of transparency and governance to these approvals a quarterly report will be generated and provided to the Chief Financial Officer for approval.

⁴ All procurement activities over \$200,000 must be approved by the Procurement Review Board before delegation approvals are exercised.

⁵ Senior Officers - those positions that may or may not supervise staff, but may need financial and contractual delegation to meet positional requirements.

CAPITAL EXPENDITURE

All expenditure capital in nature must be attributed to a Capital Project.

All capital projects require a Project Launch Approval (PLA) in order to proceed past the initial concept/planning/design phase.

All PLA's in excess of \$200,000 must go through Council's Capital Project Review Board for endorsement. Projects with a PLA in excess of \$1,000,000 must be approved by Council unless such approval has been previously delegated.

~~Delegations to approve PLA's are set out in the table below.~~

Reasonable expenditure may be incurred prior to PLA in order to adequately scope and design the capital project and develop reliable cost estimates. In addition, early ordering of long lead time materials, service relocations and early works may be approved in some circumstances.

~~Delegations to approve PLA's are set out in the table below.~~

~~Projects with a PLA in excess of \$1,000,000 must be approved by Council unless such approval has been previously delegated.~~

Delegation and to approve individual expenditure items are set out in the table below.

~~All PLA's in excess of \$200,000 must go through Council's Capital Project Review Board for endorsement.~~

Delegation level	Pre PLA	PLA Approval	Capital Expenditure within PLA
Chief Executive Officer	Reasonable expenditure	Up to \$1,000,000	Up to \$1,000,000 ⁶
Manager Procurement and Payables	Nil	Nil	Up to \$500,000 ⁷
General Managers/Directors	Reasonable expenditure up to \$250,000	Up to \$200,000	Up to \$250,000
Associated Directors	Reasonable expenditure up to \$200,000	Up to \$200,000	Up to \$200,000
Branch Executive Managers	Reasonable expenditure up to \$100,000	Nil	Up to \$100,000 ⁸

⁶ For variation on a PLA already approved, Officers with appropriate delegated authority can approve variations that are still within the PLB value. For variations that exceed the PLB, the variation must be reported to the Project Review Board and captured on the monthly variations report.

⁷ Manager Procurement and Payables – for any amendment on a Purchase Order greater than \$100,000 and up to \$500,000. These are Purchase Orders already approved by the CEO or delegated authority. This amendment delegation improves the administration efficiency of the amendment process up to an aggregated Purchase Order value of \$500,000. To provide the highest level of transparency and governance to these approvals, a quarterly report will be generated and provided to the Chief Financial Officer for approval.

⁸ All procurement activities over \$200,000 must be approved by the Procurement Review Board before delegation approvals are exercised.

Coordinators / Senior Officers³	Reasonable expenditure up to \$50,000	Nil	Up to \$50,000
Supervisors / Team Leaders	Reasonable expenditure up to \$25,000	Nil	Up to \$25,000
Appropriate Support Staff	Reasonable expenditure up to \$10,000	Nil	Up to \$10,000

All delegation amounts are GST exclusive

³ Senior Officers – those positions that may or may not supervise staff, but may need financial and contractual delegation to meet positional requirements.

Appendix 2 – Examples of recurring operational expenditure

Utilities	
Ergon Energy	Electricity
Telstra	Telephones, internet <u>and</u> CCTV
Insurances	
Jardine Lloyd Thompson	Insurance
Qld Local Government Work Care	Workers compensation
LGM Queensland	Public liability
Information Services Licences	
<u>A2K</u>	<u>Autocad</u>
<u>Aquatics Informatics</u>	<u>Aquatic Aquarius Cloud for Water</u>
<u>Austek</u>	<u>Greenhill links</u>
<u>Civica</u>	<u>Authority annual licence renewal</u>
<u>Dimension Data</u>	<u>Various hardware and software licences</u>
<u>Data#3</u>	<u>Various hardware and software licences</u>
<u>Donesafe</u>	<u>WHS Management System Software</u>
<u>Dundas</u>	<u>Financial reporting</u>
<u>Entrust</u>	<u>SSL certificates</u>
<u>Frontier Software</u>	<u>Annual Chris 21 licence renewal, archive licence</u>
<u>Innovyze</u>	<u>H2OMAP</u>
<u>Insight GIS (formerly Pitney Bowes)</u>	<u>MapInfo</u>
<u>Konica Minolta</u>	<u>Document Management (DM)</u>
<u>LabWare</u>	<u>LIMS</u>
<u>Libero Systems (formerly Insight Informatics)</u>	<u>Libero for Libraries</u>
<u>Microsoft products</u>	<u>Microsoft annual licence renewal</u>
<u>Monitor Business Machines</u>	<u>Monitor for Libraries</u>
<u>Netregistry</u>	<u>Domain names</u>
<u>OOBE</u>	<u>Citrix Cloud Virtual Apps / Desktops</u>
<u>Open Spatial</u>	<u>Munsys - GIS</u>
<u>Oracle</u>	<u>Oracle annual licence renewal</u>
<u>Papercut</u>	<u>Controlled printing</u>
<u>Redrock</u>	<u>Database Support</u>
<u>Ricoh</u>	<u>Printing and photocopying</u>
<u>SAP</u>	<u>Business Objects</u>
<u>ServiceNow</u>	<u>IT Service Management Licence</u>
<u>Smartrak</u>	<u>Poolcar</u>
<u>Surebridge</u>	<u>Red Hat Linux Server Licence</u>
<u>Technology One</u>	<u>Annual licence renewal</u>
<u>Data#3</u>	<u>Various hardware and software licences</u>
<u>Telstra</u>	<u>AirWatch, Whispir</u>

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Pitney-Bowes	Mapinfo
SAP	Business-Objects
Konica-Minolta	Document-Management-(DM)
Smartertrak	Peolear
Netregistry	Domain-names
Entrust	SSL-certificates
Ricoh	Printing-and-photocopying
Paperout	Controlled-printing
Dundas	Financial-reporting
Redrock	Database-Support-
ServiceNow	IT-Service-Management-Licence
Insight Informatics	Libero for Libraries
Monitor-Business-Machines	Monitor-for-Libraries
Innovyze	H2OMAP
A2K	Autocad
LabWare	LIMS
Surebridge	Red-Hat-Linux-Server-Licence
Miscellaneous	
Australia Post	Postage, payment of rates, water, animal registrations, parking infringements, etc.
Cairns Airport	Lease, Greenbank Road
Cairns River Improvement Trust	Repair of creek banks
Department of Human Services	Centrelink Centrepay (payment of rates)
Department of Transport and Main Roads	Vehicle registration
Department of Natural Resources and Mines	Property valuations, Spatial Imagery Subscription Plan (SISP)
Electoral Commission of Queensland	Election costs
Far North Queensland Regional Organisation of Councils (FNQROC)	Regional Procurement Coordinator Secretariat
Local Government Association of QLD	Memberships
Other government agencies and authorities	
Queensland Audit Office	State Government Auditing

Note, the above list is indicative only and not exhaustive.

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Appendix 3 – Reference Documents

The Procurement Policy consists of this General Policy and is supported by the following internal procedure documents:

Part 1 – Acquisition of Goods and Services

Procedure for purchasing with purchase order - quotations and purchasing arrangements—~~#3248823~~

Part 2 – Procedures for Calling Tenders and Administering Contracts

Procedure for tendering including Expressions of Interest—~~#3248849~~

Part 3 – Engagement and Management of Consultants

Procedure for engaging and managing consultants—~~#3248827~~

Part 4 – Purchase Card Procedures

Procedures for approved cardholders—~~#3248800~~

PROCUREMENT LEGISLATION

Local Government Act 2009

<https://www.legislation.qld.gov.au/view/html/inforce/current/act-2009-017> ↓

Local Government Regulation 2012

<https://www.legislation.qld.gov.au/view/html/inforce/current/sl-2012-0236> ↓

Relevant Sections relating to this Policy:

Section 198	Procurement policy
Section 225	Medium-sized contract – quotes needed first (up to \$200,000)
Section 226	Large-sized contract – tenders needed first (\$200,000 or more)
Section 227	Valuable non-current asset contracts – tenders or auction needed first
Section 228	Tender process
Section 230	Exception if quote or tender consideration plan prepared
Section 231	Exception for contractor on approved contractor list
Section 232	Exception for register of pre-qualified suppliers
Section 233	Exception for a preferred supplier arrangement
Section 234	Exception for LGA arrangement
Section 235	Other Exceptions
Section 236	Exceptions for valuable non-current asset contracts (including land)
Section 237	Publishing details of contracts worth \$200,000 or more
Section 238	Entering into a contract under a delegation

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Attachment 2 – Updated Procurement Policy (#1194484v26) - Clean Version

 CAIRNS REGIONAL COUNCIL



General Policy
PROCUREMENT POLICY

- Intent:** This document sets out Cairns Regional Council's policy for the acquisition of goods and services and applies to sourcing and procurement activities of Council.
- Scope:** This policy applies to the sourcing and procurement of all goods, services, equipment, construction contracts and service contracts (including maintenance). The policy:
- refers to procurement activities across the whole of Cairns Regional Council (Council);
 - applies to all materials, products and services procured by Council, including items procured by third parties (such as contractors) acting as representatives for Council; and
 - acknowledges that Council cannot achieve its corporate goals and objectives on its own and will require the assistance and support of suppliers and relevant organisations.

DEFINITION OF PROCUREMENT

Procurement means sourcing, purchase, hire, lease, rental, exchange or any other commercial transaction involving the outlay of funds in return for the provision of goods, equipment and related services, construction contracts and service contracts to Council, council officers and agents unless specifically exempted under the provisions of this policy.

Sourcing means the process of market analysis and identifying supplier/contractors in the marketplace, their availability, capacity and other characteristics such as pricing etc that will impact on their ability to provide Council with the most beneficial outcomes in the provision of the required, goods, services or works.

PROVISIONS**Introduction**

All Council procurement must be carried out in compliance with the *Local Government Act 2009*, the *Local Government Regulation 2012* (the Regulation) and align with Council's Corporate Plan.

Objectives

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

- promoting value for money with probity and accountability;
- advancing Council's economic, social and environmental policies;
- preference the use of local suppliers in providing services wherever possible, where competitive levels of quality, service, efficiency, cost effectiveness and value for money are demonstrated;
- promoting compliance with relevant legislation; and
- promoting continuous improvement and best practice in procurement activities.

Responsibility

Council officers are required to:

- adhere to the "sound contracting principles" as stipulated in the *Local Government Act 2009*;

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- conduct all procurement and contracting activities in a transparent manner demonstrating probity and accountability;
- preserve Council's integrity in the procurement process to ensure that Council acts transparently and with fairness in all dealings; and
- adhere to and abide by all the requirements under the Public Records Act 2002; declare and report any actual, potential or perceived conflicts of interest prior to and during any business dealings as per Council's Code of Conduct, as well as other internal Administrative Instructions and other relevant legislation and policies.

SOUND CONTRACTING PRINCIPLES

Council officers must have regard to the following contracting principles in all procurement activities:

- a) value for money;
- b) open and effective competition;
- c) the development of competitive local business and industry;
- d) environmental protection; and
- e) ethical behaviour and fair dealing.

a) 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 and supporting the advancement of Council's priorities and strategic objectives including buying local wherever possible;
- fitness for purpose, quality, services and support;
- whole-of-life costs including costs of acquiring, using, maintaining and disposal;
- internal administration costs;
- technical compliance issues;
- risk exposure; and
- benefit to the community (e.g. employment of local labour).

b) Open and effective competition

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

- procurement and contracting processes are visible and transparent to Council, suppliers and the public;
- suppliers wishing to supply their goods and services have an equal opportunity to do business with Council and are given reasonable opportunities to do so; and
- invitations are specified in such a way as to encourage competition amongst suppliers, with a view to attracting the best value for money offers.

c) The development of competitive local business and industry

Council encourages development of competitive local business and industry when entering into contracts for the supply of goods or services, or for carrying out of works. In addition to price, performance, quality and suitability, Council may also consider the following factors:

- employment opportunities for the region;
- economic growth for the region;
- readily available goods, services and support; and
- the benefit to Council of contracting with local suppliers and the associated local commercial transactions that flow from that contracting.

In this policy, the definition of a "local supplier" is a supplier which:

- is beneficially owned and operated by persons who are residents or ratepayers of the Local Government area of Council; or
- has its principal place of business within the Local Government area of Council; or
- otherwise has a place of business within the Local Government area of Council that solely or primarily employs persons who are residents or ratepayers of the Local Government area of Council.

Where offers such as quotes or tenders from non-local suppliers are sought or evaluated, the officer with the delegation relevant to the procurement, will need to be satisfied that such an approach clearly reflects the most advantageous outcome for Cairns.

d) Environmental protection

Council promotes environmental protection and responsibility through its purchasing procedures. In undertaking procurement activities Council will endeavour to:

- promote the procurement of environmentally friendly goods and services that satisfy value for money criteria;
- foster the development of products and processes of low environmental and climatic impact;
- provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
- encourage environmentally responsible activities.

Council may also consider the following:

- the environmental performance of prospective contractors or suppliers;
- the selection of products that may have a reduced impact on human health and / or the natural environment; and
- the environmental impact and performance of a requested product, such as energy and / or water efficiency rating, fuel efficiency, durability, recycled content, toxicity, origin of any components made from wood (e.g. paper products) and end of life disposal.

e) Ethical behaviour and fair dealing

Ethical behaviour and fair dealing will be promoted by fulfilling the requirements of Council's *Code of Conduct*, working with sound ethics and ensuring that Council officers:

- apply sound ethical principles and equitable dealings with fair and reasonable opportunities to all suppliers;
- ensure probity, transparency, impartiality and accountability for all procurement and contracting activities;
- use procurement and contracting processes, systems and procedures that provide a consistent approach to Council's legislative and policy requirements;
- promote high standards of professionalism in procurement and contracting activities; and
- act with integrity and in a way that shows concern for public interest.

Modern Slavery Act

Council does not tolerate modern slavery within its business and supply chains. Council is committed to acting ethically and with integrity and transparency in all business dealings. Council has effective and reasonable systems and controls in place to reduce the risks of modern slavery, and to best ensure that modern slavery is not taking place within the Council's business or its supply chains.

Human Rights Act

Council respects and promotes human rights as described by the Act. Council is committed to ensure values such as fairness, equality, respect and effective protection against discrimination in all business dealings. Council has effective and reasonable systems and controls in place to reduce the risks of making decisions that are not compatible with human rights, and to best ensure that proper consideration is given to all human rights relevant to the decision taking place within the Council's business or its supply chains.

Complaints Process

Complaints concerning procurement and disposal activities are managed through Council's [General Complaints Management Policy](#).

EVALUATION OF TENDERS AND QUOTES

The sound contracting principles are utilised in the evaluation of all quotes and tenders along with other selective criteria determined relevant to the procurement activity, including but not limited to the procedures and evaluation criteria specified within the quote or tender documentation. It is recommended that:

- evaluation and probity plans are developed for procurement activities where relevant, including declaration of any potential, perceived or actual conflicts;

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- interactions and content of meetings with suppliers are noted and recorded;
- suppliers' commercially-confidential information and/or intellectual property is safeguarded.

Ultimately, selection is to be based on the most advantageous outcome for Cairns.

PROCUREMENT GUIDELINES

Procurement Thresholds

Value Threshold*	Minimum Requirements
Less than \$5,000	Obtain at least one verbal or written quote
\$5,000 to less than \$15,000	Obtain two written quotes
\$15,000 to less than \$200,000	Obtain three or more written quotes
\$200,000 or more	Public tender required

* All amounts are GST exclusive

When seeking quotations, officers should consider the likelihood of exceeding the value thresholds listed above *in a financial year* (excluding GST), or over the proposed term of any contractual arrangement, with a *supplier*. If there is a risk that these limits will be exceeded, then the appropriate number of quotes or a public tender should be sought. All thresholds are cumulative thresholds. If the anticipated value of goods or services of a similar nature procured from the same supplier exceeds \$200,000 in a financial year, or over the proposed term of the contractual arrangement, then a public tender is required.

For contracts where Council receives revenue, the thresholds above apply and 'value' refers to the total amount to be paid to Council.

Expressions of Interest (EOI)

Prior to issuing an EOI with an expected value over \$200,000 ex GST, a Council resolution must be obtained. EOIs may only be utilised to facilitate a closed tender process if Council has decided by resolution that it would be in the public interest to call for EOIs before inviting tenders and has recorded its reasons for doing so, including community benefits in the minutes of the meeting.

EOIs may be called under the \$200,000 threshold without a Council resolution, however the EOI process must still comply with the normal procurement threshold guidelines.

Corporate Credit Cards

The use of Council corporate credit cards are for general purchases and expenses only. Credit cards should only be utilised after assessing the procurement activity and ensuring that there is no other option that is better suited to address this matter.

All Council card holders have the authority to incur expenditure up to the limit on their card for approved Council business. Corporate credit cards should be used where appropriate, based on risk and compliance with Council's procurement requirements. The guidelines based on the procurement thresholds above must be followed.

Sponsorship and Resource Performance Agreements

Council may:

- receive incoming sponsorship or sponsorship benefits from an external party; or
- provide outgoing sponsorship or resource performance benefits (such as cash or in kind service provision); or
- provide grant funding (separate to its Community Grants Policy) to non-community organisation tied to delivery by funded entities to defined outcomes or deliverables.

In all agreements of this nature, Council must have regard to the sound contracting principles as well as the local government principle of sustainable development and management of assets and infrastructure.

Council Grants

Grants to community organisations are to be conducted in accordance with Council's [Community Grants Policy](#).

Grants to commercial organisations must align with the requirements and intent of this Procurement Policy and the legislative sound principles of contracting. The value and nature of the grant will dictate the appropriate procurement requirement or most applicable exemption.

EXEMPTIONS TO PROCUREMENT GUIDELINES

Legislation obligates Council to utilise a public tender process (or a closed tender process if an expression of interest has first been called to shortlist tenderers) before making a contract for the carrying out of work, or the supply of goods or services involving a cost of \$200,000 or more, unless there is a legislative exemption.

Council officers must follow the procurement guidelines unless they utilise a legislative exemption. Exemptions to the procurement guidelines for quotes and tenders are provided for under sections 229 to 235 of the Regulation. These exemptions are:

- a quote or tender consideration plan;
- a contractor on an approved contractor list (ACL);
- a supplier on a register of pre-qualified suppliers (ROPS);
- a supplier on a preferred supplier arrangement (PSA);
- a supplier on another LGA arrangement, e.g. LGAQ (Local Buy).

Further exemptions exist if:

- Council resolves (Council resolution obtained) it is satisfied that there is only one supplier who is reasonably available (sole suppliers); or
- Council resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for the local government to invite quotes or tenders; or
- a genuine emergency exists; or
- the contract is for the purchase of goods and is made by public auction; or
- the contract is for the purchase of second-hand goods; or
- the contract is made with, or under an arrangement with, a government agency e.g. Queensland State Government arrangements.

Refer to sections 230 to 235 of the Local Government Regulation 2012 for further details on the above exemptions.

Tender Consideration Plan

Council may enter into contractual arrangements without first inviting written quotes or tenders if Council resolves to prepare a quote or tender consideration plan and then prepares and adopts the plan. The quote or tender consideration plan is a document stating:

- (a) the objectives of the plan;
- (b) how the objectives are to be achieved;
- (c) how the achievement of the objectives will be measured;
- (d) any alternative ways of achieving the objectives, and why the alternative ways were not adopted;
- (e) the proposed terms of the contract for the goods or services; and
- (f) a risk analysis of the market from which the goods or services are to be obtained.

Register of Pre-Qualified Suppliers (ROPS)

Council may establish a ROPS for the carrying out of works, goods and materials, services or ICT, by inviting public tenders. Suppliers must submit a conforming tender response and if successful following the evaluation process, suppliers are appointed to the ROPS for a term of (usually) two years. Once the ROPS is established, further quotes or cost estimates from selected suppliers are strongly recommended as procurement best practice and to achieve value for money.

For contract durations and extensions where extension options are available, existing suppliers who demonstrate a continuous high quality of service may be extended for an additional term if value for money is demonstrated. This approach is intended to eliminate unnecessary sourcing activities and allow resources to be directed at contracts and arrangements where value for money will be better achieved.

Preferred Supplier Arrangement (PSA)

Council can establish a PSA where better value for money can be obtained by aggregating the demand for goods and services. Council must invite public tenders and evaluate submissions from suppliers in order for suppliers to be successfully appointed to the PSA. Prices or a schedule of rates are usually fixed for the duration of the arrangement.

Sole Suppliers

Where the required goods or services are available only from one original source or available from only one stockist, agent or supplier with relative ease of accessibility to Council, the supply of those goods and or services can be applied for under a sole supplier arrangement via a Council Resolution.

Procurement provides a report on an annual basis listing all proposed sole supplier arrangements, for the financial year, for adoption by Council. A report is presented to Council bi-annually listing expenditure on sole suppliers.

Emergencies

In recognition that full compliance with existing Council procurement procedures may not support Council's needs during a critical or emergency incident, an alternative procurement process may operate during the incident. This alternative process aims to accommodate urgent Council needs, while ensuring that the procurement process adopted is reasonable and conducted with appropriate consideration of standard procurement principles.

Any emergency procurement must be authorised by the Chief Executive Officer or other delegated or legislated authority, once a critical or emergency incident has been declared. Such incidents are:

- A state of disaster declared under the *Disaster Management Act 2003*, or any other emergency declaration made by the State's Premier under an enactment;
- Any incident declared by the Chief Executive Officer where the safety or security of any person or property associated with the Council is threatened; and
- An external incident to which the Chief Executive Officer has authorised the provision of urgent support.

Once the immediacy of the incident has passed, purchase orders must be raised to record the expenditure in the same way as they would have been in normal circumstances.

As soon as practical upon cessation of the emergency, a report must be presented to Council to authorise the unapproved expenditure, where this expenditure exceeds delegation, and the methodology by which it was incurred. The Council Resolution must define the genuine emergency situation (such as natural disaster), as well as delegate authority.

GOVERNANCE

Procurement Review Board

Council administers a Procurement Review Board (PRB) which meets weekly and plays a key role in Council's governance and approvals process for procurement. The purpose of the PRB is to consider and approve Council's significant procurement and contracting activities at two stage gates:

Pre-market reviews and approves procurement strategy and methodology. This includes the market approach and ensures all relevant risks are identified and addressed. It also ensures that the scope and intent align with Council's Corporate and Operational Plans, that evaluation panel and selection criteria are relevant to procurement activity and that budget is allocated for expected procurement value.

Post Market reviews and approves the recommendations of the evaluation panel ensuring that the recommendation is consistent with the intent of the procurement activity. This ensures that the outcome is one that is most beneficial or advantageous to Council. The PRB will also ensure that the

procurement activity is aligned to Council's Corporate and Operational Plans, is within allocated budget and that appropriate plans are in place to manage the successful delivery of the activity, e.g. that Council enter into contract utilising appropriate terms and conditions, etc.

The following thresholds apply for pre-market and post-market activities:

- All pre-market consultancy proposals with expected value greater than \$100,000 ex GST
- All pre-market procurement proposals with expected value greater than \$200,000 ex GST
- All post-market consultancy recommendations for award greater than \$100,000 ex GST
- All post-market procurement recommendations for award greater than \$200,000 ex GST

The PRB is comprised of the following members:

- Chief Executive Officer
- Chief Financial Officer
- Director Cairns Infrastructure and Assets
- Associate Director Engineering Services
- Associate Director Service Delivery
- Executive Manager Procurement and Payables (Procurement)

Other members who are subject matter experts (SME's) are invited when required to enable a comprehensive review of all procurement matters proposed, ensuring recommendations provide Council with the best possible outcomes.

Capital Project Review Board

Council administers a Capital Project Review Board which meets routinely and plays a key role in Council's governance and approvals process for Capital Projects. The purpose of the Capital Project Review Board is to consider and approve the formal commencement of Council's Capital Projects via a Project Launch Approval (PLA). All Capital Projects with an expected value greater than \$200,000 must be approved via this Board. Refer Appendix 1 – Capital Expenditure for further information on Capital expenditure delegations.

FINANCIAL AND CONTRACTUAL DELEGATIONS

The Chief Executive Officer implements Council's policies and decisions e.g. spending in accordance with the adopted budget. All delegation amounts are GST exclusive.

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

- the officer has been granted the financial and contractual delegation by the Chief Executive Officer and this delegation has been recorded in the register of delegations, and
- the expenditure is provided for in Council's budget, and
- the officer has received training in Council's procurement systems and procedures, or
- there is a disaster/genuine emergency.

The Chief Executive Officer must approve all financial and contractual delegations by recording them in a register of delegations to enable procurement activities to occur in accordance with the guidelines as shown in Appendix 1.

Variations

A variation is an agreed amendment to a contract that changes the original terms, conditions or scope of the contract. For the purpose of 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;
- Each variation requires an additional line item on the purchase order stating the change in scope and cost. 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.

Acquisition of Land

All acquisition of land must be done in accordance with the [Acquisition of Land General Policy](#). All acquisitions must be managed by Council's Property Team.

Publishing Details of Contracts

Council is obliged to publish details of all contracts valued \$200,000 or more. These details must be published monthly on Council's website and also on a noticeboard located in the customer service area of the Administration Building in Spence Street, Cairns. 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.

For the purpose of this obligation, a contract is defined as an approved Council purchase order.

SUSTAINABILITY AND SOCIAL PROCUREMENT

Local Suppliers

Council will preference quotes and tenders from local businesses in Cairns. Where appropriate, Council will seek opportunities to engage social enterprises or leverage outcomes through commercial relationships.

Innovation

Innovation is fundamental to achieving the [Cairns 2050 Vision](#), improving quality of life for residents while ensuring our city has the services and infrastructure to meet the needs of future generations. Innovation can also deliver better outcomes for Cairns. Innovative solutions can be developed in the market long before they are identified by Council. Council nurtures and encourages industry to identify and implement innovation. This may be achieved through several initiatives including supplier relationship management, a strategic partnering approach and through best practice procurement.

Sustainable Procurement

Sustainable procurement is the process where Council meets its needs for goods or services in a way that achieves value for money on a whole-of-life basis in terms of generating benefits not only to Council, but also to its community, the economy and the natural environment. In addition, the adopted Cairns Climate Change Strategy 2030 incorporates commitments to achieve net zero emissions by 2030 for all Council operations. Council will take action to mitigate and adapt to the impacts of climate change through the focus areas of community, industry, energy, transport, built environment, and the natural environment. When compiling any procurement documentation including tenders, contracts, quotes or purchasing arrangements, sustainability requirements for the project must be clearly identified in a project Scope.

Council applies sustainable procurement by:

- examining organisational, project and community needs for anticipated contracting activities
- refining sustainability strategies for contracting activities, including beneficial reuse where possible
- refining sustainability specifications for contracting activities
- planning and undertaking sustainability evaluations as part of contracting activities.

Council's priority areas for considering sustainable products include, but are not limited to:

- Wood and paper products from sustainable sources;
- Sustainable and safe chemical based products e.g. cleaning products, pesticides, fertilisers or soil enhancers;
- Products that are durable and long lasting e.g. avoiding or reducing disposable products and single use plastics; and

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- Products that consume renewable or less energy, fuel or water in their operations.

Social Procurement

Social procurement focuses on human aspects and social equity. Social procurement considers principles of diversity, ethics, acceptance, fairness, compassion, inclusiveness and access for people of all abilities and cultures. Social procurement delivers benefits to Council including:

- positive outcomes for people and contributes towards building stronger and more resilient communities;
- developing and attracting social enterprises;
- encouraging local businesses to include social or community objectives into business practices;
- promoting employment opportunities and inclusive and accessible work environments for indigenous businesses, young people or older persons who are unemployed, people from Culturally and Linguistically Diverse (CALD) backgrounds and people with disabilities; and
- building the skills, knowledge and ability of not-for-profit community groups to enable them to access funding, expand services and complete for business.

Sustainable and social procurement must be conducted in line with consideration to the sound contracting principles and other legislative requirements.

This policy is to remain in force until otherwise determined by Council.

General Manager Responsible for Review:

Chief Financial Officer

ORIGINALLY ADOPTED: 19/5/2003
CURRENT ADOPTION: 30/06/2021
DUE FOR REVISION: 30/06/2022
REVOKED/SUPERSEDED:



Mica Martin
Chief Executive Officer

Appendix 1 – Financial and Contractual Delegations

Officers may incur expenditure on behalf of Council but only if the expenditure is provided for in Council's budget and the officer's position has been delegated the power to enter into contracts up to an amount not less than the amount of the expenditure proposed to be incurred.

Each delegation to an officer of the power to enter into contracts must be delegated by the Chief Executive Officer.

The delegation is a positional delegation and remains in force unless revoked by the Chief Executive Officer.

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

OPERATIONAL EXPENDITURE

Delegation Level	Operational Expenditure within Budget	Expenditure Outside of Budget
Chief Executive Officer	Up to \$1,000,000	Utilise emergency provisions of the <i>Local Government Act 2009</i> . These require a subsequent Council Resolution.
Executive Manager Procurement and Payables	Up to \$500,000 ¹	Nil
Directors	Up to \$500,000	Nil
Associate Directors	Up to \$200,000	Nil
Executive Managers	Up to \$100,000 ²	Nil
Coordinators / Senior Officers ³	Up to \$50,000	Nil
Supervisors / Team Leaders	Up to \$25,000	Nil
Appropriate Support Staff	Up to \$10,000	Nil

All delegation amounts are GST exclusive

¹ Manager Procurement and Payables – for any amendment on a Purchase Order greater than \$100,000 and up to \$500,000. These are Purchase Orders already approved by the CEO or delegated authority. This amendment delegation improves the administration efficiency of the amendment process up to an aggregated Purchase Order value of \$500,000. To provide the highest level of transparency and governance to these approvals a quarterly report will be generated and provided to the Chief Financial Officer for approval.

² All procurement activities over \$200,000 must be approved by the Procurement Review Board before delegation approvals are exercised.

³ Senior Officers - those positions that may or may not supervise staff but may need financial and contractual delegation to meet positional requirements.

CAPITAL EXPENDITURE

All expenditure capital in nature must be attributed to a Capital Project. All capital projects require a Project Launch Approval (PLA) in order to proceed past the initial concept/planning/design phase.

All PLA's in excess of \$200,000 must go through Council's Capital Project Review Board for endorsement. Projects with a PLA in excess of \$1,000,000 must be approved by Council unless such approval has been previously delegated.

Reasonable expenditure may be incurred prior to PLA in order to adequately scope and design the capital project and develop reliable cost estimates. In addition, early ordering of long lead time materials, service relocations and early works may be approved in some circumstances.

Delegations to approve PLA's and to approve individual expenditure items are set out in the table below:

Delegation level	Pre PLA	PLA Approval	Capital Expenditure within PLA
Chief Executive Officer	Reasonable expenditure	Up to \$1,000,000	Up to \$1,000,000 ⁴
Directors	Reasonable expenditure up to \$500,000	Up to \$500,000	Up to \$500,000
Associated Directors	Reasonable expenditure up to \$200,000	Up to \$200,000	Up to \$200,000
Executive Managers	Reasonable expenditure up to \$100,000	Nil	Up to \$100,000 ⁵
Coordinators / Senior Officers ⁶	Reasonable expenditure up to \$50,000	Nil	Up to \$50,000
Supervisors / Team Leaders	Reasonable expenditure up to \$25,000	Nil	Up to \$25,000
Appropriate Support Staff	Reasonable expenditure up to \$10,000	Nil	Up to \$10,000

All delegation amounts are GST exclusive

⁴ For variations on a PLA already approved, Officers with appropriate delegated authority can approve variations that are still within the PLB value. For variations that exceed the PLB, the variation must be reported to the Capital Projects Review Board and captured in the monthly Capex Performance Reporting.

⁵ All procurement activities over \$200,000 must be approved by the Procurement Review Board before delegation approvals are exercised.

⁶ Senior Officers – those positions that may or may not supervise staff but may need financial and contractual delegation to meet positional requirements.

Appendix 2 – Examples of recurring operational expenditure

<u>Utilities</u>	
Ergon Energy	Electricity
Telstra	Telephones, internet and CCTV
<u>Insurances</u>	
Jardine Lloyd Thompson	Insurance
Qld Local Government Work Care	Workers compensation
LGM Queensland	Public liability
<u>Information Services Licences</u>	
A2K	Autocad
Aquatics Informatics	Aquatic Aquarius Cloud for Water
Austek	Greenhill links
Civica	Authority annual licence renewal
Data#3	Various hardware and software licences
Donesafe	WHS Management System Software
Dundas	Financial reporting
Entrust	SSL certificates
Frontier Software	Annual Chris 21 licence renewal, archive licence
Innovyze	H20MAP
Insight GIS (formerly Pitney Bowes)	MapInfo
Konica Minolta	Document Management (DM)
LabWare	LIMS
Libero Systems (formerly Insight Informatics)	Libero for Libraries
Microsoft products	Microsoft annual licence renewal
Monitor Business Machines	Monitor for Libraries
Netregistry	Domain names
OOBE	Citrix Cloud Virtual Apps / Desktops
Open Spatial	Munsys - GIS
Oracle	Oracle annual licence renewal
Papercut	Controlled printing
Redrock	Database Support
Ricoh	Printing and photocopying
SAP	Business Objects
ServiceNow	IT Service Management Licence
Smartrak	Poolcar
Surebridge	Red Hat Linux Server Licence
Technology One	Annual licence renewal
Telstra	AirWatch

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Miscellaneous	
Australia Post	Postage, payment of rates, water, animal registrations, parking infringements, etc.
Cairns Airport	Lease, Greenbank Road
Cairns River Improvement Trust	Repair of creek banks
Department of Human Services	Centrelink Centrepay (payment of rates)
Department of Transport and Main Roads	Vehicle registration
Department of Natural Resources and Mines	Property valuations, Spatial Imagery Subscription Plan (SISP)
Electoral Commission of Queensland	Election costs
Far North Queensland Regional Organisation of Councils (FNQROC)	Regional Procurement Coordinator Secretariat
Local Government Association of QLD	Memberships
Other government agencies and authorities	
Queensland Audit Office	State Government Auditing

Note, the above list is indicative only and not exhaustive.

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Appendix 3 – Reference Documents

The Procurement Policy consists of this General Policy and is supported by the following internal procedure documents:

Part 1 – Acquisition of Goods and Services

Procedure for purchasing with purchase order - quotations and purchasing arrangements

Part 2 – Procedures for Calling Tenders and Administering Contracts

Procedure for tendering including Expressions of Interest

Part 3 – Engagement and Management of Consultants

Procedure for engaging and managing consultants

Part 4 – Purchase Card Procedures

Procedures for approved cardholders

PROCUREMENT LEGISLATION

Local Government Act 2009

<https://www.legislation.qld.gov.au/view/html/inforce/current/act-2009-017>

Local Government Regulation 2012

<https://www.legislation.qld.gov.au/view/html/inforce/current/sl-2012-0236>

Relevant Sections relating to this Policy:

Section 198	Procurement policy
Section 225	Medium-sized contract – quotes needed first (up to \$200,000)
Section 226	Large-sized contract – tenders needed first (\$200,000 or more)
Section 227	Valuable non-current asset contracts – tenders or auction needed first
Section 228	Tender process
Section 230	Exception if quote or tender consideration plan prepared
Section 231	Exception for contractor on approved contractor list
Section 232	Exception for register of pre-qualified suppliers
Section 233	Exception for a preferred supplier arrangement
Section 234	Exception for LGA arrangement
Section 235	Other Exceptions
Section 236	Exceptions for valuable non-current asset contracts (including land)
Section 237	Publishing details of contracts worth \$200,000 or more
Section 238	Entering into a contract under a delegation

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