



# Tiwi Islands Regional Council

**Title:** Procurement Policy  
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## **Objectives**

The aim of this policy is to establish a framework to ensure that Council achieves the best procurement outcomes by:

- Promoting value for money with integrity, transparency and accountability;
- Reducing the risk for fraud or error in procurement activities;
- Being undertaken in accordance with Tiwi Islands Regional Council's strategic plan;
- Providing reasonable opportunity for competitive local businesses that comply with relevant legislation to supply Council;
- Promoting compliance with relevant legislation and regulations; and
- Promoting awareness among the Council Elected Members, Local Authority Members and Council employees regarding their role, responsibility and authority.

## **Scope & Applicability**

This policy applies to the procurement of all materials, equipment, assets and related services, construction contracts and service contracts including consultancy services. The policy represents all the procedures, practices, systems, documents and organisational structures implemented by Council to manage its procurement activities, improve efficiency and reduce risks in the procurement process.

All Elected Members, Local Authority Members and Council employees engaged in procurement or who have responsibility for procurement decisions must comply with this



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policy. It is the responsibility of Council officers involved in procurement to understand the meaning of this policy.

Council Elected Members, Local Authority Members and Council employees are required to:

- Act, and be seen to act, properly and in accordance with the requirements of the law, the Local Government Act and all corresponding regulations;
- Abide by Council's Code of Conduct, Financial Delegations and all applicable policies and instructions; and
- Preserve Council's integrity to ensure that Council may be seen to have acted beyond reproach in all procurement dealings.

Procurement must be in accordance with the adopted annual budget. Items not within the approved budget must be referred to the Council for resolution and be made in anticipation of the adoption of an amendment to a budget, making provision for the expenditure for the relevant financial year, *Accounting Regulations 14 (1) (b)*. Sufficient funds must be available to meet the full cost of the proposed procurement.

All relevant communication undertaken in the procurement process must be recorded in the Council's financial system or electronic records system.

Any case where expenditure is incurred due to malpractice, deceptive conduct or carelessness is to be brought to the attention of a General Manager, the CEO and to a full meeting of the Council either an Ordinary Council Meeting or Special Meeting.

## **Procurement Principles**

### **Value for Money**

Value for Money is the core principle of the procurement process to ensure the best available procurement outcome is achieved. Value for money involves comparing the benefits against the whole of life costs and includes evaluation of both price and non-price factors. Whole-of-life cost is the total cost incurred in buying, owning, using, maintaining and disposing goods or discontinuing services.

Council will evaluate whole of life costs as well as relevant qualitative factors such as past performance, capacity and capability, indigenous participation, quality and environmental and social factors to ensure the best value for money is obtained.

### **Open and effective competition**

Procurement processes will be open and result in effective competition in the provision of goods and services. TIRC will achieve this by:



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- Ensuring all procurement procedures and processes are transparent;
- Giving fair and equitable consideration to all suppliers without any bias or prejudice;
- Allowing suppliers the opportunity to do business with Council and encouraging competition among suppliers by inviting suppliers to quote or tender in order to assess value for money; and
- Ensuring fair and equitable assessment of all quotations and tenders.

## **Ethical behaviour**

The principle of probity and ethical behaviour governs the conduct of all procurement processes. Council officers involved in procurement must comply with the standards of integrity, impartiality, fairness, openness, and professional conduct. Council officers must:

- Deal fairly, impartially and consistently with all suppliers;
- Protect the confidentiality and privacy of personal and commercial information;
- Declare any potential conflict of interest prior to the commencement of a procurement activity and withdraw from any procurement activity where it has been deemed that a perceived or actual conflict of interest exists;
- Not take part in misleading or deceptive conduct;
- Not compromise the Council's standing or the integrity of its purchasing activities through the acceptance of gifts (other than gifts of a token kind, or moderate acts of hospitality); and
- Ensure that the procurement is documented appropriately and retained to demonstrate compliance with the procurement policy and relevant laws.

## **Encouragement of the development of competitive local business and industry**

Council encourages the development of competitive local businesses. Where price, performance, quality, suitability and other evaluation criteria are comparable, the following areas may be weighted up to a value of 20 – 30% in evaluating quotations and tenders:

- Creation of local employment opportunities; Readily available goods, services and support; More convenient communications for contract management; and Economic growth within a defined region.



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## **Environmental and Social implications**

Council will consider the environmental and social implications of procurement. Goods and services that have better environmental and social outcomes will be preferred providing the costs are reasonable and within budget.

## **Contractors**

Contractors must comply with applicable legislation and policies regarding WH&S and environmental protection.

## **Procurement Procedures**

The detailed procedures listed in this procurement policy will guide Council Elected Members, Local Authority Members and employees in the conduct of procurement duties.

## **Purchase Orders**

A Purchase Order is Council's official document to confirm the contractual relationship between Council and suppliers. Purchase orders are to be issued for all purchases (with exemptions for credit card purchases per delegated authority) from Council's financial system. Purchase orders will only be issued after the quotation or tender procedures have been completed. Purchase requisitions are created by a requesting officer in the Council's financial system and then authorised in compliance with Council's financial delegations policy to become an official purchase order. Approved purchase orders are attached with the supplier invoice and quotation or tender information within Council's financial system.

The limitations below refer to the total cost of the purchase and not to individual line items. Officers must not split a purchase into a number of requisitions, or reduce order quantities, to avoid compliance with the dollar limit requirements specified in this policy. Contracts that span more than one financial year are treated as separate non contiguous amounts for the purposes of determining the quotation or tender requirements, in accordance with *Procurement General Instruction No. 4*.

## **Purchases under \$10,000**

Goods or services may be purchased without quotations if the total value of the item is below \$10,000 (including GST) and the Council Officer is compliant with the policy objectives. Procurement must be in accordance with the adopted annual budget or a Council resolution. Requests for items not within the approved budget must be referred to the CEO.

An approved purchase order is to be attached with the supplier invoice within the Council's financial system, following the procurement procedures detailed at the end of this document.

An Asset Registration form is to be completed for Portable and Attractive Assets valued between \$300 - \$5,000 and Assets valued above \$5,000.



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## **Purchases between \$10,000 and \$100,000**

Council policy requires written quotations before making a contract for the supply of goods and services between \$10,000 and \$100,000. Written quotations must be sought from three suppliers to assess the best outcome. Where it is not possible to obtain three written quotations the reasons for not obtaining the 3 quotations must be recorded on the Purchasing Quotation Evaluation / Exemption Form.

Procurement must be in accordance with the adopted annual budget or a Council resolution and sufficient funds must be available to meet the full cost of the proposed procurement. Requests for items not within the approved budget must be referred to the CEO.

All of the quotation documentation is to be attached with the approved purchase order and supplier invoice within the Council's financial system, following the procurement procedures detailed at the end of this document. An Asset Registration form is to be completed for Assets valued above \$5,000.

## **Purchases over \$100,000**

Public tenders will be called where the cost of supply may or will exceed \$100,000 (including GST). Tenders will be called by public notice published in a newspaper circulating in the Council's area and on the Council's website. The public notice will identify:

- A description of the supply;
- Where tender documentation can be obtained from;
- Name and contact details of the contact person;
- The tender closing date and time; and
- That notice of the successful tender will be published on the Council's website.

Tenders will be lodged through the Council's electronic tender system or submission into the Council's tender box.

A tender received in response to the public notice may only be opened in the presence of:

- The Council itself; or
- A committee of 3 members of the Council's staff delegated by the Council to open the tenders and report to the Council on the tenders. The Council may appoint an independent officer with expertise in the supply being tendered to the tender committee where this will provide better evaluation of the tenders.



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Assessment of tenders will be undertaken by the tender committee governed by the principles contained in this policy. Where a value weighted assessment method is used the tender committee shall ensure that the weightings are appropriate and defined in the tender conditions. Where mandatory and value weighted assessment criteria have been defined, the tender assessment committee shall ensure that these criteria are assessed.

All tender and purchasing information is to be considered confidential and is not to be released to others except to the extent of information issued by public notice. Where information has been provided on a confidential basis it should be treated as commercial-in-confidence and restricted to persons concerned with the specific purchase or contracts.

The tender committee will forward an evaluation report addressing the selection criteria for all tenderers and make a recommendation on the preferred tenderer to the Chief Executive Officer for approval by resolution of the Council. In making a recommendation about the tender to Council, the tender committee will certify that they have no direct or indirect personal interest in the outcome.

Where a contract is to be awarded in response to a tender for an amount exceeding \$100,000 Council may approve the recommendation to enter into the contract through a resolution passed at a general or special Council meeting.

If Council resolves not to award a contract through a resolution passed at a general or special Council meeting the Council may resolve to:

- Postpone the proposal to enter into contract;
- Cancel the proposal to enter into contract; or
- Call for a new tender based on the same or varied terms and conditions.

If Council accepts a tender for the provision of supplies to Council it must:

- Accept the tender by written notice to the person who submitted the successful tender; and
- Give notice of the successful tender in writing to each other person who submitted a tender; and
- Publish the notice on the Council's website.

The notice must include the name of the successful tenderer, the supplies to be provided and the tender price.



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## Exemptions from Quotation and Tender Requirements

In accordance with Section 30 of the *Local Government (Accounting) Regulations* quotations and tenders are not required for the provision of supplies consisting of, or related to:

- The purchase of land; or
- A consultancy or other professional services; or
- Travel and accommodation; or
- If the Minister dispenses, in a particular case, with the requirement to call for quotations and tenders; or
- If the supplies are to be obtained under a contract to which any of the following is a party:
  - a) the Territory;
  - b) the Commonwealth;
  - c) a State or another Territory;
  - d) another Council;
  - e) a local government subsidiary; or
  - f) LGANT

This only applies for (d), (e) and (f) if the supply has been authorised by resolution of the Council; and the resolution has been published on the Council's website, s30 (3) (b).

In accordance with section 31 of the *Local Government (Accounting) Regulations*, Council can make an application to the Department of Housing and Community Development for an exemption from compliance with a provision of the Regulations or an applicable Accounting Standard. Requests for tender or quotation exemption for over \$100,000 must be submitted in writing to the Department of Housing and Community Development and be signed by the CEO, refer to s. 30-31 and *Procurement General Instruction No. 4* for further clarification.

## Collective Procurement

In accordance with *Part 13 Division 2* of the *Local Government (Accounting) Regulations* two or more entities (a Council; a Local Government subsidiary; LGANT) may form a procurement group to act collectively for the purpose of obtaining supplies. A Council that is in a procurement group that complies with *Part 13 Division 2* is not required to separately





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comply with the requirements for quotations and tenders.

Before commencing to act as a procurement group, the entities in the group must enter into a written collective procurement agreement that must set out:

- a) The entities that constitute the group;
- b) The supplies that are to be obtained;
- c) Which of the entities in the group is to be the lead entity for exercising the groups functions on behalf of the group;
- d) Any matters required to be exercised in a different way;
- e) The individuals who are to constitute the group's tender committee;
- f) Multiple contract arrangements;
- g) Partial acceptance arrangements;
- h) The decision making process for the acceptance of quotations or tenders for the group will be made, including any variations in that process necessary to accommodate the groups multiple contract arrangements and partial acceptance arrangements;
- i) How administrative and other costs associated with the collective procurement are to be allocated between the members of the group;
- j) The process for settling disputes about the collective procurement between entities in the group; and
- k) The process for terminating the collective procurement agreement.

A copy of the collective procurement agreement must be made available to a prospective supplier or tenderer on request.

The collective procurement group tender committee must include at least one person from each entity in the group. The person must be a member of the entity's Council or a staff member designated by the Council for that purpose.

Multiple contract arrangements specify whether the members of the group will consider quotations or tenders for the provision of supplies:

- a) Only under a single contract entered into by all members of the group; or





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- b) Only under separate contracts entered into by each member of the group; or
- c) Under either a single contract or separate contracts.

Partial Acceptance Arrangements are to specify:

- a) Whether a quotation or tender received by the group may be accepted by some but not all entities within the group; and
- b) If a quotation or tender may be accepted by some but not all entities:
  - The amount or proportion of supplies being sought that relate to each entity in the group; and
  - The variation in the quotation or tender price that will be allowed in the event of partial acceptance.

The regulations for quotations and tenders apply in relation to the obtaining of supplies by a procurement group as if the group were a Council. The decision as to which (if any) quotation or tender is accepted must be made in accordance with the collective procurement agreement.

## **Legislation and Reference**

All Council purchases and procurement activities will be carried out in compliance with:

*Northern Territory of Australia Local Government Act 2017,*

*Northern Territory of Australia Local Government (Accounting) Regulations 2014,*

Northern Territory Government Department of Local Government and Community Services Procurement General Instruction No. 4,

Tiwi Islands Regional Council 013 Financial Delegations Policy, and

Tiwi Islands Regional Council 031 Code of Conduct Policy



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## Procurement Procedures

### **A. Procurement \$0 - \$10,000 GST Inclusive**

1. Check if proposed purchase is within the approved budget. Items not within the approved budget must be referred to the CEO.
2. If a new supplier, a new supplier form is to be completed and forwarded to accounts payable to be set up in the financial system.
3. In the financial system, a requesting officer generates a purchase requisition and attaches supporting documentation to the purchase requisition.
4. The purchase requisition is forwarded to the authorising officer per the financial delegations policy for approval to become an official purchase order.
5. Issue the purchase order to the supplier.
6. Accounts payable receive the supplier's tax invoice and check the purchase order number is listed on supplier's tax invoice.
7. Accounts payable forward the invoice and approved purchase order within the financial system to an appropriate officer to confirm goods/ services have been received. The officer can either approve or reject receipt of the goods/ services within the financial system.
8. Accounts Payable action payment of fully approved invoices.
9. An Asset Registration form is to be completed for:
  - Portable and Attractive Assets valued from \$300 - \$5,000.
  - Assets valued above \$5,000.
10. If the new asset is replacing a registered asset that will be disposed, complete an Asset Disposal Form and arrange appropriate disposal of the old asset.



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### **B. Procurement \$10,000 - \$100,000 GST Inclusive**

1. Check if the proposed purchase is within the approved budget, is there sufficient funding available and the purchase is aligned with the Council's Strategic Plan. Items not within the approved budget must be referred to the CEO.
2. Obtain 3 written quotes from potential suppliers.
3. Evaluate the written quotes using appropriate weighted criteria to assess the best value using the Purchasing Quotation Evaluation / Exemption Form.
4. If unable to obtain 3 written quotes – the reason needs to be recorded on the Purchasing Quotation Evaluation / Exemption Form.
5. If a new supplier, a new supplier form is to be completed and forwarded to Accounts Payable to be set up in the financial system.
6. In the financial system, a requesting officer generates a purchase requisition and attaches supporting documentation to the purchase requisition. As a minimum, this will be the Purchasing Quotation Evaluation / Exemption Form and all quotations received.
7. The purchase requisition is forwarded to the authorising officer per the Financial Delegations Policy for approval to become an official purchase order.
8. Issue the purchase order to supplier.
9. Accounts payable receive the supplier's tax invoice and check the purchase order number is listed on supplier's tax invoice.
10. Accounts payable forward the invoice and approved purchase order within the financial system to an appropriate officer to confirm goods / services have been received. The officer can either approve or reject receipt of the goods / services within the financial system.
11. Accounts payable action payment of fully approved invoices.
12. An Asset Registration form is to be completed for Assets valued over \$5,000.
13. If the new asset is replacing a registered asset that will be disposed, complete an Asset Disposal Form and arrange appropriate disposal of the old asset.



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## C. Procurement over \$100,000 GST Inclusive

1. Check if the proposed purchase is within the approved budget, there is sufficient funding available and the purchase is aligned with the Council's Strategic Plan. Items not within the approved budget must be referred to the CEO.
2. Initiate new program (Action SDC) in financial system, if appropriate.
3. If works / supply are of a technical nature draft the Scope of Work and required specifications with Infrastructure.
4. Prepare the Request for Tender Documentation and detail technical specifications and any weighted assessment criteria that suppliers will need to address.
5. Advertisements to be placed in a newspaper circulating in the Council's area. Tenders will be called by public notice and identify: a description of the supply; where tender documentation can be obtained from; name and contact details of the contact person; the tender closing date and time; and that notice of the successful tender will be published on the Council's website.
6. Tenders will be lodged through the Council's electronic tender system or submission into the Council's tender box.
7. Council to appoint 3 members to a Tender Committee with appropriate skills and knowledge to evaluate the tenders.
8. Addenda (if required) to be addressed while the tender is open.
9. On receipt of tenders, Tender Committee members are to immediately declare any Conflict of Interest prior to evaluation and the member is to be removed from the panel.
10. Tenders received are to be opened as soon as practicable after the closing date, either by the Council or by the Tender Committee.
11. Tender Committee members to review tenders as individuals prior to meeting as an assessment panel to jointly consider the submitted tenders.
12. Meeting to be chaired by a Committee Member or an Independent. Evaluate the tenders using the weighted criteria to assess the best value. Determine overall ranking and justification for successful and unsuccessful tenderers discussed.
13. Evaluation report detailing recommendations to be forwarded to the CEO to decide when the report will be discussed, at the next ordinary Council meeting or a special meeting.



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14. Council Resolution passed endorsing preferred supplier and timeframe.
15. Notify successful tenderer in writing. Arrange for contract to be signed by both parties.
16. Notify unsuccessful tenderers in writing – do not disclose any commercial or intellectual property of the winning tenderer, rather provide a brief comment such as indigenous participation too low, pricing not competitive, compliance with requirements insufficient.
17. Details of successful tenderer, the supplies to be provided and the tender price are to be published on the Council website.
18. If a new supplier, a new supplier form is to be completed and forwarded to Accounts Payable to be set up in the financial system.
19. In the financial system, a requesting officer generates a purchase requisition and attaches all supporting documentation to the purchase requisition. As a minimum, this will be the tender advertisement, tender conditions, all tender responses received, the tender assessment report, and Council resolution.
20. The purchase requisition is forwarded to the authorising officer per the financial delegations policy for approval to become an official purchase order.
21. Issue the Purchase order to Supplier.
22. Accounts Payable receive the supplier's tax invoice and check the Purchase order number is listed on Supplier's tax invoice.
23. Accounts Payable forward the invoice and approved purchase order within the financial system to an appropriate officer to confirm goods/ services have been received. The officer can either approve or reject receipt within the financial system.
24. Accounts Payable action payment of fully approved invoices
25. If the tender was for purchase of an asset, complete an Asset Registration form.
26. If the new asset is replacing a registered asset that will be disposed, complete an Asset Disposal Form and arrange appropriate disposal of the old asset.
27. If the tender was for a service contract, review performance from initiation to completion of contract and address any performance issues.
28. Close Out and Performance Review.