

# POLICY

## 3.1 PROCUREMENT



**PHCC** Working Together  
Peel-Harvey Catchment Council

Supporting Procedure:	3.1.1 Procurement 3.1.2 Petty Cash 3.1.3 Preferred Supplier Procedure 3.1.4 Purchasing 3.1.5 Contracts	
Other Related Documents:	Policy 3.3 Credit Facilities Policy 2.6 Conflict of Interest Policy Single Use Plastics (Draft) Contract – (Project Agreement) Template/s Delegations of Authority Organisational Credit Card Issue Form Purchase Order Form Preferred Supplier Register Quote Selection Form Request for Quote Form Request for Tender Tender Evaluation Form Animal Welfare Act 2002	
Category:	Finance	
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1 <sup>st</sup> Review By:	Jane O'Malley and Karen Henderson	05/02/2018
2 <sup>nd</sup> Review By:	Jane O'Malley, Thelma Crook and Karen Henderson	17/06/2019
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Approved By:	Board of Management	20/06/2019

### Introduction

The Peel-Harvey Catchment Council (PHCC) will comply with the principle of open competitive purchasing and procurement in all procurements and contractual arrangements, through an open, impartial, equitable and transparent process.

This Policy sets out the links to authorisation levels, limitations and requirements when purchasing goods or services on behalf of PHCC.

This Policy is designed to provide clarity and consistency to procurement processes, protect Employees and mitigate organisational risk with regards to financial commitment, liability and reputation. It also aims to ensure prudent expenditure control against approved budgets and budget processes, in accordance with the PHCC's Delegations of Authority.

## 3.1 PROCUREMENT

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### Definitions

For the purposes of this Policy:

**'Authorisation'** is the approval to proceed indicated by the signature of the authorising person

**'Board of Management'** or **'Board'** means the Association Members of PHCC and has the same meaning as the word 'Council' in the Constitution

**'Budget Custodian'** is an Employee delegated authority to approve expenditure

**'Employee'** means all paid employed persons in PHCC

**'Preferred Supplier'** is a supplier who is listed on the Preferred Supplier Register and who meets the criteria in Clause 9 of this Policy

**'Procurement'** is the acquisition of goods, services or works from an external source

**'Sole Supplier'** is a supplier that has particular skills to provide specific required goods or services as per Clause 8 of this Policy

### Policy Statement

#### 1 Procurement Authorisation

- 1.1 The Board delegates authority for purchasing activities, as defined in Section 5 of the PHCC's Delegations of Authority, endorsed 21 April, 2016, and any future endorsed modifications (as defined in the Document History of the Delegations of Authority)
- 1.2 Delegations relate to the delegate's office or position, not to the individual in that position
- 1.3 Delegated authority may only commence when authorised by the CEO, as defined in Section 1 of the Delegations of Authority
- 1.4 The CEO may rescind and/or reinstate delegated authority, at their discretion, as defined in Section 1 of the Delegations of Authority.

#### 2 Budget Approval

- 2.1 All purchases must be in accordance with:
  - 2.1.1 Approved budgets, as defined in the Section 4 'Financial Delegations – Budgeting and Accounting', of the Delegations of Authority; and
  - 2.1.2 Approved authorisations, as defined in Section 5 'Financial Delegations – Purchasing and Payments', of the Delegations of Authority.
- 2.2 For clarity, e.g. a Project, or Corporate budget, must be approved in accordance with Section 4 of the Delegations of Authority. The project officer must then manage project procurement / purchasing:
  - 2.2.1 For projects (or corporate expenditure), they are responsible for, via the delegated supervisor/program manager (or self), or
  - 2.2.2 For projects (or corporate expenditure) they are assisting in the delivery of, but not responsible for managing the overall Whole of Project Life Budget, via the officer responsible (who will in turn, manage procurement authorisations via their delegated supervisor/program manager (or self).

## 3.1 PROCUREMENT

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### 3 Purchasing Process

- 3.1 All purchases must be made in accordance with the purchasing procedure, including:
  - 3.1.1 Staff are required to complete and have an approved Purchase Order, in accordance with an approved budget, prior to any purchase (including credit card purchases) other than those sought via Petty Cash
  - 3.1.2 Invoices can only be approved where the supplier has provided a registered ABN and/or a statement by supplier
  - 3.1.3 Petty Cash purchases must be undertaken in accordance with the Petty Cash Procedure.
- 3.2 Where applicable to the Procurement Authorisation Levels detailed in the Delegations of Authority below, a Quote Selection form and related quotes must accompany the Purchase Order
- 3.3 Payment of invoices will only be made where the invoice is accompanied by an authorised Purchase Order
- 3.4 Approval of a Purchase Order must be given by the Budget Custodian and authorised in accordance with the Delegations of Authority.

### 4 Supplier Selection - Purchase Value

- 4.1 The method to select suppliers for project expenditure is dependent on the value of the supply as follows:
  - 4.1.1 Up to \$1,000 - Supplier of Choice - A single supplier of choice may be selected
  - 4.1.2 \$1,001 to \$10,000 - 3 Informal Quotes - Three informal quotes (verbal, price list, web site, email confirmation or similar formats) must be obtained at a minimum
  - 4.1.3 \$10,001 to \$100,000 - 3 Formal Quotes - Three formal (written and dated) quotes must be obtained
  - 4.1.4 \$100,001 or more – Tender Process – A request for tender must be used to obtain formal quotes
- 4.2 The method to select suppliers for corporate expenditure is dependent on the value of the supply as follows:
  - 4.2.1 Up to \$1000 - Supplier of Choice - A single supplier of choice may be selected
  - 4.2.2 \$1001 to \$5,000 - 3 Informal Quotes - Three informal quotes (verbal, price list, web site, email confirmation or similar formats) must be obtained at a minimum
  - 4.2.3 \$5,001 to \$100,000 - 3 Formal Quotes - Three formal (written and dated) quotes must be obtained
  - 4.2.4 \$100,001 or more – Tender Process – A Request for Tender must be used to obtain formal quotes

### 5 Supplier Selection - Criteria

- 5.1 Suppliers must be selected based on a minimum of the following criteria:

## 3.1 PROCUREMENT

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- 5.1.1 Competitiveness of pricing
- 5.1.2 Quality of goods and services
- 5.1.3 Suitability and closest alignment of product or service to achieving desired outcome
- 5.1.4 Comparative quotes obtained from suppliers must be for equivalent goods and services
- 5.1.5 Corporate sentiment relating to environmentally sensitive and ethical purchasing (e.g. low carbon footprint etc.)
- 5.1.6 Opportunities to support local community, including landcare, Indigenous communities, and industry to participate in the delivery of projects, activities and core services. As a rule, Indigenous communities and local groups / industries, may receive preference for procurement, if all other criteria are equal, but the price may be less competitive, ie up to e.g. 10% greater than a non-local provider).

## 6 Supplier Selection - Considerations

- 6.1 When considering selection of a supplier, or the engagement of supplier services, Employees are required to conduct a 'conflict of interest' risk analysis of the supplier based on the principles outlined in the 2.6 Conflict of Interest Policy. The depth of the analysis will depend on the scope of the procurement.
- 6.2 Where applicable, suppliers are to be encouraged to provide evidence of what they consider to be the impact of their activities on the environment and, if applicable, outline their work practices with regards to working with animals. This evidence, and other independent investigation, needs to be considered in the selection process
  - 6.2.1 In assessing potential suppliers, Employees must make it known to the supplier that their animal welfare, environmental policies and actions, and limitations of PHCC insurances will influence the decision to use their goods and services
  - 6.2.2 Whilst the information provided may be somewhat subjective and difficult to confirm, every effort should be made to ensure that suppliers are limiting their impact on the environment and adhering to the Animal Welfare Act 2002

## 7 Quotation Process

- 7.1 When required by this Policy to obtain informal or formal quotes, a Quote Selection form and evidence of the quotes must be attached to the Purchase Order. Authorised signatories must sight the Quote Selection form, prior to signing a Purchase Order
- 7.2 In obtaining quotes, all potential suppliers must be given access to the same information at all levels of purchasing. Where information can be conveyed in simple terms (for example catering for 20 people) an informal request may be used. Where there are more detailed requirements a Request for Quote form must be used to ensure the same information is conveyed to potential suppliers
- 7.3 Details of quotes from potential suppliers must not be revealed to competitive potential suppliers.

## 3.1 PROCUREMENT

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- 7.4 Where there is an intention to claim 'Sole Supplier Status', or 'Preferred Supplier Status', a Quote Selection form, and evidence of the single quote, must be attached to the Purchase Order, along with appropriate justification as detailed in the Sole Supplier and Preferred Supplier Status sections below.

### 8 Sole Supplier Status

Before considering sole supplier status, all available avenues for research of the service, quoting or price comparisons must be pursued, and evidence provided that the option of sole supplier status is the only available or appropriate.

- 8.1 Sole Supplier Status can be awarded to a supplier based on any of the following criteria, which takes precedence over the standard supplier selection criteria:
- 8.1.1 The supplier has unique attributes, products/services or networks that make it the most desirable delivery organisation
  - 8.1.2 The supplier has an established history in delivery of this, or similar goods/services, that provide it with more relevant skills and knowledge
  - 8.1.3 The supplier has the demonstrated relevant qualifications, licenses, authority to deliver
  - 8.1.4 The supplier is the only possible choice for the supply due to geographic location, requirements imposed by a funder or similar
  - 8.1.5 The supplier is likely to progress the supply to a deeper partnership or direct delivery arrangement that may provide long term and/or additional beneficial outcomes
  - 8.1.6 The supply is a repetitive operational cost for which consistency of supply has a value or the circumstances surrounding the supply are limited (e.g. electricity, phone, rent, office supplies).
- 8.2 Sole Supplier Status does not remove the requirement for a Tender Process, or alter the authorisation level based on the dollar value of the supply
- 8.3 Justification for Sole Supplier Status must be documented on the Quote Selection form
- 8.4 Sole Supplier Status remains valid:
- 8.4.1 Where it relates to delivery of a contract, for the life of the contract; or
  - 8.4.2 For a maximum of three (3) years;
  - 8.4.3 After which any further supply is subject to re-quoting and justification in accordance with Section 4 of this policy.

### 9 Preferred Supplier Status

- 9.1 Preferred suppliers are identified via the PHCC 'Preferred Supplier' Register. Only those companies or individuals identified on the Register can be engaged under the Preferred Supplier Status. The Preferred Supplier Register is to be reviewed, and modified as required, on an annual basis, as defined in the Delegations of Authority. Preferred Supplier Status, as defined in the Register, has been awarded to suppliers based on the following criteria:

## 3.1 PROCUREMENT

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- 9.1.1 The supplier has unique attributes, products/services or networks that make it the most desirable delivery organisation
- 9.1.2 The supplier has an established history in delivery of this, or similar goods/services, that provide it with specific and relevant skills and knowledge
- 9.1.3 The supplier is the only possible choice for the supply due to geographic location, requirements imposed by a funder or similar
- 9.1.4 The supplier has progressed the supply to a deeper partnership or direct delivery arrangement that provide long term and/or additional beneficial outcomes
- 9.1.5 The supply is a repetitive operational cost for which consistency of supply has a value or the circumstances surrounding the supply are limited (e.g. electricity, phone, rent, office supplies).
- 9.1.6 The supplier has the demonstrated relevant qualifications, licenses, authority to deliver
- 9.2 Preferred Supplier Status does not remove the requirement for a Tender Process, or alter the authorisation level based on the dollar value of the supply
- 9.3 Justification for Preferred Supplier Status must be documented on the Quote Selection form
- 9.4 Preferred Supplier Status remains valid:
  - 9.4.1 In accordance with the Annual Review (refer to Delegations of Authority)
  - 9.4.2 Where it relates to delivery of a contract, for the life of the contract; or
  - 9.4.3 After which any further supply is subject to re-quoting and justification in accordance with Section 4 of this policy.

### 10 Tenders/Quote

- 10.1 When required by this policy to select potential suppliers through a tender process, a request for tender must be publicly advertised in the appropriate mediums to ensure exposure to the desired market
- 10.2 The full details of the project and any requirements specific to the tender/quote must be added to a Request for Tender document
- 10.3 The prepared document must be made available to tenderers on request
- 10.4 A suitably qualified selection panel must be selected to assess the tenders in accordance with the guidelines in the Request for Tender document
- 10.5 All tender information must remain confidential through and subsequent to the tender process
- 10.6 Submitted tenders must be assessed by the selection panel using a Tender Evaluation form and the successful tender based on the outcome of the agreed scores of the panel
- 10.7 Where a service is being purchased that requires a Tender agreement (Contract for Service) between the Service provider and the PHCC, the contract must be prepared, approved and in place, prior to commencement of the service, unless approved by the Chairman, at the request of the CEO.

## 3.1 PROCUREMENT

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- 10.8 Appointment of any tender must be in accordance with the Delegations of Authority.
- 10.9 Contracts must include suitable milestones and milestone payments to ensure effective delivery, within required timeframes and budget considerations, including completion date
- 10.10 Contract payments must be prepared with cash flow considerations, and final payments incentivizing completion of delivery of service (generally no less than 10% of overall project cost, but preferably, 100% on completion of works, particularly for Local and State Government Contracts)
- 10.11 The preparation of Contracts must be undertaken in accordance with the Contract Procedure, and authorized in accordance with the Delegations of Authority.

### 11 Contract – Service Agreement

- 11.1 Contracts for delivery of services must be put in place, using the appropriate PHCC endorsed contract template
- 11.2 Where a service is being purchased that requires a contractual agreement between the Service provider and the PHCC, the contract must be prepared, approved and in place, prior to commencement of the service
- 11.3 Contracts must include suitable milestones and milestone payments to ensure effective delivery, within required timeframes and budget considerations, including completion date
- 11.4 Contract payments must be prepared with cash flow considerations, and final payments incentivizing completion of delivery of service (generally no less than 10% of overall project cost, but preferably, 100% on completion of works, particularly for Local and State Government Contracts)
- 11.5 The preparation of Contracts must be undertaken in accordance with the Contract Procedure, and authorised in accordance with the Delegations of Authority.
- 11.6 The full details of the project and any requirements specific to the contract for services must be added to a Request for Tender/Quote document.

### 12 Confirmation of Receipt of Goods or Services

- 12.1 On completion of receipt of goods or services, the Budget Custodian must confirm:
  - 12.1.1 That the goods or services have been delivered as ordered
  - 12.1.2 Verify that the value quoted and authorised is correct.

### 13 Payment Methods

- 13.1 Payment for goods or services received will be authorised on receipt of:
  - 13.1.1 Invoice - where the supplier provides a tax invoice for any goods or services supplied
  - 13.1.2 Receipt - where the supplier provides a tax receipt for any goods or services supplied
  - 13.1.3 Contract (Project Agreement) - where PHCC contract an organisation to deliver all or part of a project that may include a combination of good and services

## 3.1 PROCUREMENT

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- 13.1.4 Direct Debit – As authorised (e.g. Motorcharge, Smart Rider top-ups), as per approved budgets
- 13.2 Authorised payments may be undertaken through one of the following methods:
  - 13.2.1 Petty Cash – upon receipt of approved Petty Cash Form with attached signed documents for purchases up to \$50.00
  - 13.2.2 Credit Card – upon receipt of an invoice, and purchase order or where a receipt is issued, and such documents are official records of PHCC
  - 13.2.3 Cheque or Electronic Bank Transfer – upon receipt of an invoice, and purchase order and such documents are official records of PHCC.