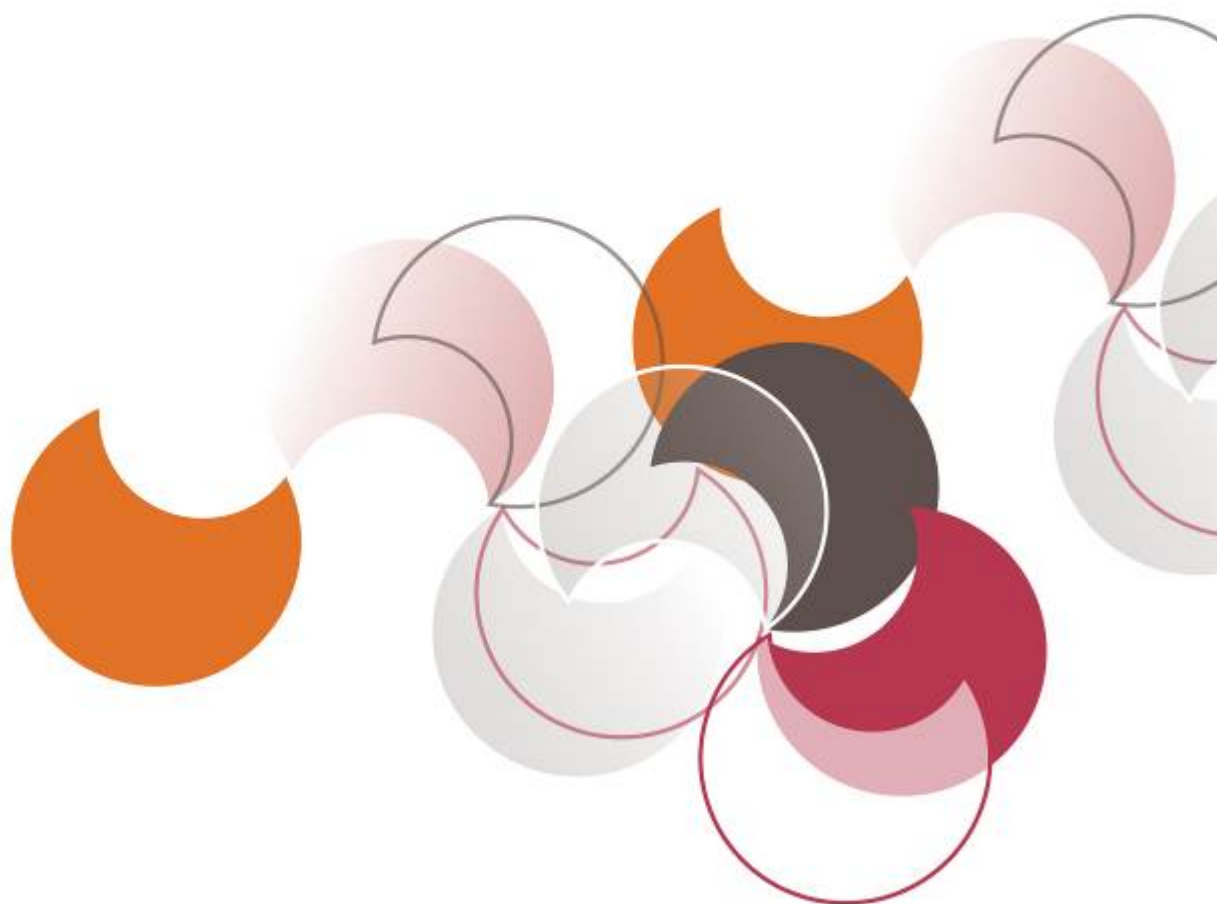


Procurement Authority Limits Guidelines

1 November 2018



Responsible Directorate: Environment and Infrastructure
Authorised by: CEO
Date of adoption: ELT of 28 November 2017
Review date: no less than 5 Years
Revocation/sunset date: Nil
Policy type: Administrative



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1. Introduction

1.1. Purpose

The purpose of these Procurement Authority Limits Guidelines ("Guidelines") is to:

- Assign delegations of authority with regard to procuring goods, services and works (including the award of contracts and petty cash) to ensure sound financial management; and
- Provide Council Officers with the level of authority necessary to discharge their duties.

The underlying principle of financial delegations is that the individual authorising the expenditure and/or awarding contracts will ensure that all policies and procedures are followed, expenditure is on Council business and that funds are available before any invoices are approved for payment.

1.2. Scope

These Procurement Authority Limits Guidelines comes under the umbrella of Council's Procurement Policy and other policies including the Contracts and Tendering Probity Policy and Purchasing Card Policy. The principles and requirements of the policies must be complied with when following these guidelines.

These Guidelines apply to all procurement activities, including all lower value or lower risk procurements. Details of the specific requirements for higher value and/or high risk procurements, including all procurements above the Local Government threshold values¹ are set out in the Procurement Policy.

These Guidelines are applicable to all Council authorised positions. The key principle is that the delegation is applicable to an authorised position not a particular person. External-contractors engaged by Council will not be given access to the purchasing authorisation process unless that contractor is engaged by Council to occupy an authorised staff position for a fixed period. In these circumstances the delegation will only apply to expenditure approval, not contract award.

2. Background

Council recognises the importance of adopting specific procedures and guidelines that will support Council's objectives including compliance with policy, providing value for money and sound financial management.

It is essential that Council's procurement and purchasing activities:

- Provide a system of procurement authorisation limits (i.e. the authorisation of officers to approve and undertake a range of functions in the procurement process);
- Have clear strategies and procedures for Council Officers to follow to carry out the purchasing of goods, services and works or awarding contracts;
- Provide transparency in the use of public monies; and
- Provide financial authorisations are completed by the relevant Council Officers and are auditable.

¹ Section 186(1) of the Local Government Act 1989. Current thresholds are \$150,000 or more for the purchase of goods/services and \$200,000 or more for the purchase of works. These amounts were fixed in an Order in Council dated 5 August 2008 in alignment with State Government threshold levels



3. Authority Limits

The following authority limits apply:

3.1. Chief Executive Officer and Directors (ELT)

Council has delegated certain functions and approvals to the CEO and Council's Instrument of Delegation to the CEO includes specific limitations on the CEO's authority to approve certain purchases, tender, quotation and contractual processes without prior referral to Council.

The limitations are reflected in the CEO's sub-delegations to members of ELT and set out the procurement authority limits of the CEO and ELT.

The instruments of sub-delegation to the CEO and ELT are reviewed regularly and updated as required.

Procurement authority limits are as follows:

Type of Expenditure or Item	Condition, Expenditure Limit for Individual or Prohibition
Acquisition or disposal of the fee simple in any land	Prohibited - except where: <ul style="list-style-type: none">the disposal results from a decision by the DEI not to challenge a claim for adverse possession; ORthe disposal is in accordance with Schedule 2.
Acquisition or disposal of any other interest in land	\$500,000 excluding GST
Approval of the purchase or hire (other than taxi hire) of vehicles	\$500,000 excluding GST
Building and Capital Works - including repairs and alterations	\$500,000 excluding GST
Purchase or disposal of equipment and other fixed assets	\$500,000 excluding GST
Urgent repairs to buildings and equipment (including replacement of equipment)	\$500,000 excluding GST
Appointment or engagement of legal practitioners or external consultants	\$500,000 excluding GST
Leases or licences of land, buildings, vehicles or equipment	\$500,000 excluding GST
Provision, reduction or withdrawal of credit facilities provided by Council	\$500,000 excluding GST (Director Corporate Development only)
Write off bad debt	\$20,000 (Director Corporate Development only)
Settlement of any claims and litigation (including WorkCare and WorkCover claims)	\$100,000 excluding GST
Enter into contracts for the acquisition of goods and services	\$500,000 excluding GST in respect of any one contract, unless the contract, purchase or payment has been previously approved by resolution of Council or a Special Committee, or relates to statutory charges such as superannuation, taxation, MFB levy and insurance charges.
<ul style="list-style-type: none">Extend the term of any contract which is lawfully capable of having its term extended	If the contract: <ul style="list-style-type: none">has been entered into by the delegate in exercise of a power conferred by this Instrument of Delegation, the aggregate value of the contract (taking into account the value of expenditure for



<ul style="list-style-type: none">• Authorise a variation to any contract	<p>the further term and the value of the variation) must not then exceed \$500,000 excluding GST</p> <ul style="list-style-type: none">• has been entered into by Council, and the value of the contract is less than \$100,000, the aggregate value of the contract (taking into account the value of expenditure for the further term and the value of the variation) may not increase by more than twenty percent (20%).• has been entered into by Council, and the value of the contract is between \$100,000 and \$500,000, the aggregate value of the contract (taking into account the value of expenditure for the further term and the value of the variation) may not increase by more than \$50,000.• has been entered into by Council, and the value of the contract is greater than \$500,000, the aggregate value of the contract (taking into account the value of expenditure for the further term and the value of the variation) may not increase by more than 10% or \$100,000 whichever is greater.
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3.2. Senior Leadership Team (SLT)

A SLT member's procurement authority limit will not exceed \$200,000 excluding GST (i.e. 40% of the relevant Director's cap limit).

Individual Manager's limits are subject to approval from their Director.

3.3. Senior Coordinators

All Senior Coordinator's procurement authority limits are subject to approval from the relevant Manager based on the needs of the Department's activities and are set to achieve administrative efficiency within Departments.

The procurement authority limit of a Senior Coordinator will not exceed \$100,000 excluding GST (i.e. 50% of the relevant Manager's cap limit).

3.4. Team Leaders and Coordinators

All Team Leaders and Coordinators procurement authority limits are subject to approval from the relevant Manager based on the needs of the Department's activities and are set to achieve administrative efficiency within Departments.

The procurement authority limit of a Team Leader or Coordinator will not exceed \$50,000 excluding GST (i.e. 50% of the relevant Senior Coordinator's delegation (where applicable) or \$100,000 (i.e. 50% of the relevant Manager's cap limit).

3.5. Other Staff

All other staff procurement authority limits are subject to approval from the relevant Manager based on the needs of the Department's activities and are set to achieve administrative efficiency within Departments.

The procurement authority limits for other staff will be established with reference to the limits determined for the relevant Team Leader or Coordinator but, as a general rule, will not exceed 10% of the cap limit determined for the relevant Team Leader or Coordinator excluding GST as stated in clause 3.4 above.




The following table shows maximum (cap) procurement authority levels (excluding GST) for each position.

	Approval to Award Contract	Approval to spend	
CEO/Directors	\$500,000.00	\$500,000.00	
SLT	\$200,000.00	\$200,000.00	40% of CEO cap
Senior Coordinators	\$100,000.00	\$100,000.00	50% of SLT Manager cap
Team Leaders and Coordinators	\$50,000.00	\$50,000.00	50% of relevant Manager cap
Other staff	\$5,000.00	\$5,000.00	10% of Team Leader or co-ordinators cap

3.6. General

Council Officers must at all times comply with the following general requirements when procuring goods, services or works:

- Officers are to exercise appropriate care in the expenditure of Council funds in accordance with approved budget allocations;
- RFQs are sought in accordance with any legislative requirements and Council's appropriate policies and procedures, including those detailed in these Guidelines;
- Officers must ensure that Purchase Orders are generated at the point where a commitment to purchase has been made i.e. a Purchase Order must be raised in Finance One when the goods, services or works are ordered and not when the tax invoice is received;
- Once the services or works have been completed, or the goods have been received, the appropriate Council Officer must ensure that the correct amount is delivered against the relevant Purchase Order in Finance One to ensure that Council expenditure is recorded in a timely manner;
- No Council Officer is to authorise or write multiple Purchase Orders to avoid the authorisation process requirements included in the procurement authority limits;
- Under no circumstances are Purchase Orders to be raised against income accounts in the budget.
- A Council Officer must not under any circumstances approve expenditure that relates to them personally. Expenditure of this nature must be referred to the next higher level of authority for approval. For example, a Manager seeking approval to attend a seminar must have that expenditure approved by their Director.
- Purchasing decisions will be made on the basis of Best Value, rather than selecting the lowest price uncritically.
- Environmental considerations, availability and compatibility with existing equipment will also be important. For example, in some cases recycled and environmentally preferable products and materials may be less price competitive, but may represent value for money when criteria such as performance, costs over whole life and impact on the environment are taken into consideration.

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- When selecting products and services these purchases should be consistent with Council's sustainability requirements that are documented in the Procurement Policy. However, common sense and good judgment need to be used in assessing such purchases where a price premium applies. Council Officers shall note that purchasing a recycled or environmentally preferable product at a price premium will not be accepted as a reason for overspending a budget without good justification.

3.7. Purchasing Thresholds

Council's Procurement Policy documents the value thresholds and requirements that all Council Officers must adhere to prior to ordering goods, works and services.

3.8. Procurement Authorisation Process

The Procurement authorisation process of RFQs, requisitions, purchase orders, procurement authority limits and subsequent supplier payments are performed electronically through Finance One. A Manager or Director may give authority to Council Officers in their respective departments to have access to Finance One. The procurement authority limits for these Council Officers are authorised and set by a Manager and Director before they have access to purchasing and approving orders in Finance One. Any changes to new or existing Council Officers must only be made with a written approved authorisation from the Manager and Director.

If these Officers are casual or temporary, their procurement authority dollar limit is zero and set up based on an email from their respective Managers. However, if the casual and temporary Officer is made permanent then written formal authorisation from the Manager and Director is required. In respect to temporary secondment and acting staff arrangements, then the procurement authority limits must be changed on the basis of an email sent by the Director and/or Manager.

3.9. Procurement Authority Statements

Authorisation to expend funds or approve expenditure (whether by purchasing card, purchase order, manual payment requisition, petty cash or otherwise) is approved by the Council staff member's respective Manager and/or Director (depending on the staff member's level in the organisation) and authorised by the Chief Financial Officer.

Council staff, other than the CEO and ELT, who apply for access to Council's corporate purchasing system or for a purchasing card, will receive a Procurement Authority Statement which clearly outlines the extent of their authority to make procurement commitments in respect of goods, services or works on behalf of Council. Procurement Authority Statements will be issued by the Commercial and Property Services Department, normally as part of the initial financial systems training provided to new staff.

4. Responsible Officers

The Manager, Commercial and Property Services is the designated responsible officer of these Guidelines.

The responsible officer coordinates the implementation, maintenance and review of these Guidelines and ensures that Council Officers are aware of their accountabilities.

For further information or queries or feedback on these Guidelines, please contact managercommercialpropertyservices@boroondara.vic.gov.au or telephone (03) 9278 4444.



5. References

5.1. Related documents

These Guidelines are governed by all related statutory requirements that apply to Council by the State and Commonwealth.

Other related Council policies and procedures include Procurement Policy, Contracts and Tendering Probit Policy, and Purchasing Card Policy.