

CEO Handbook

Procurement and Asset Management

Chapter 6

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Procurement Framework

1. Procurement policy

A council must adopt a procurement policy by resolution that takes into account the following principles

- enhancement of the capabilities of local enterprises and industries, employment of Aboriginal people
- ethical behaviour and fair dealings, environmental protection and sustainability open and effective competition
- value for money
- any other principle that council considers appropriate

Principles are not the same as the weighting criteria the council might adopt in considering the award of contracts and tenders.

1.1. Procurement thresholds



All threshold amounts are exclusive of GST. You may do any higher threshold procurement process for lower procurement amounts (e.g. tender process for \$120 000).

1.2. Quotes and Tenders

Tenders generally follow a more formal process than quotations with greater probity and are of higher monetary value than quotes.

A Request for Quote is for purchasing goods and services that are lower in risk and complexity

A Request for Tender is for the purchase of goods and services that are high in complexity or risk, which can be strategic by nature.

1.3. Quotations

Quotations are required for the provision of supplies with a cost of more than \$10 000 and less than \$100 000.

Quotations are required from 3 possible suppliers. If 3 quotations are not practicable, the council must obtain as many as practicable and must record in writing, reasons for not obtaining 3 quotations.

Public quotations are required for the provision of supplies that cost more than \$100 000 and less than \$150 000. The public request for quotations must be published in a newspaper circulating in the council's area and by notice on the council website and must allow at least 5 business days for receipt of quotations. The council may only accept from those who submit a quotation.

The reasons for the acceptance of a quotation are to be recorded and written notice is to be provided to all suppliers who provided a quote.

1.4. Tenders

Tenders are required for supplies at a cost of more than \$150 000. The council must call for tenders by notice published in a newspaper circulating in the council's area and on the council website and must allow at least 5 business days for receipt of tenders.

Tenders are to be assessed by a panel that includes at least 3 members of the staff of the council, another council or a local government subsidiary. The panel is to provide a report to the CEO who will submit the report to the council for the council to accept a tender from one of the submitted tenderers. Written notice of the successful tender is to be provided to all tenderers and published on the website.

1.5. Exceptions to the requirement for quotations and tenders

Quotations and tenders are not required in some circumstances and in particular for:

- The purchase of land, including the leasing or licensing of land
- A contract for legal services
- The acquisition of insurance through a broker.

Quotations and tenders are not required in relation to particular entities, including:

- Territories, Commonwealth or States
- Another council

1.6. Contract variations

Contract variations should be within the scope of the original contract.

If the variation exceeds a threshold or the original tender cost by 10% the variation must be evidenced by:

- tabling a report on the variation at the next council meeting
- publishing a notice of the variation on the council's website

1.7. Collective procurement

Two or more councils may form a procurement group to act collectively for the purpose of obtaining supplies. The councils must enter into a written agreement setting out the arrangements for the group.

Local Government General Regulations, Division 12

2. Assets

The CEO is responsible for the safekeeping and adequate recording of all council assets. A council must undertake a stock of its inventory once each year. Councils are generally asset rich, with maintenance, replacement and renewal constituting significant imposts and risk. Adequate provisioning is important.

2.1. Write off of assets.

The council may write off money or an asset if the CEO certifies in a report that it is misappropriated, destroyed, damaged beyond economical repair or cannot be found. A report is not required if an asset has been written off because of normal wear and tear.

2.2. Sale and disposal of assets

Sale or disposal of assets must be approved by the council. For assets with a value of above \$100 000, a council must sell an asset through the use of one of the following methods:

- Public auction
- Seeking public tenders
- Direct sale
- Trade in
- Quotations or tenders
- A method that will require a community benefit
- A method otherwise required under law.

Local Government (General) Regulations 2021, Division 9

3. Council property

A council may acquire real or personal property by agreement, assume the care, control and management, or act as trustee of land within its area.

A public cemetery located in a council's area is under the care, control and management of council and a council may make by-laws for the cemetery.

Roads within a council area are generally under the care, control and management of council and the council has power to temporarily close roads and also establish new roads.

Local Government Act 2019, Chapter 12

4. Additional resources

Further explanatory papers, templates and policies are available at: [Sample documents and explanatory papers | CM&C](#)

Appendix – Local Government Act provisions

Item	Legislative Reference	Essential Elements	Calendar Action
Procurement policy	r33 LGGR	<p>Council must, by resolution, adopt a procurement policy that takes into consideration:</p> <ul style="list-style-type: none"> • enhancement of the capabilities of local enterprises and industries; • employment of Aboriginal people; • ethical behaviour and fair dealings; • environmental protection and sustainability; • open and effective competition; • value for money; and • any other principles that council considers appropriate. <p><i>See also General Instruction 1: Procurement</i></p>	In place at all times
Disbursements from authorised accounts	r21 LGGR r22 LGGR	<p>Authorised accounts kept by council must:</p> <ul style="list-style-type: none"> • include the name of the council in the account name; and • as the CEO's responsibility, be reconciled at least monthly, with income and expenditure from that account. <p>Disbursement procedures must adhere to the following:</p> <ul style="list-style-type: none"> • cheques issued by council must be signed by at least 2 persons authorised by resolution of the council to sign the cheques on its behalf; • electronic disbursements must be processed by at least 2 persons authorised by resolution of council to process electronic disbursements on its behalf; <p>Authorisations may only be given to one or more of the following:</p> <ul style="list-style-type: none"> • council's principal member, the CEO, a council staff member or a person approved by the CEO of the Agency under the regulations. <p>Authorisations may be subject to limitations and conditions as specified by council resolution.</p>	<p>In place at all times.</p> <p>Accounts reconciled at least monthly.</p>

<p>Write off money or assets</p>	<p>r28 LGGR Guideline 4: Assets</p>	<p>If council is satisfied, on certification in writing from the CEO that money or an asset has been misappropriated, destroyed, damaged beyond economical repair or cannot be found, the council may authorise the writing off of the relevant amount or asset in council's accounts.</p> <p>Certification</p> <p>The CEO's certification must be accompanied by:</p> <ul style="list-style-type: none"> • a report detailing the improvements to internal controls to avoid the future write off of money or assets of the type detailed in the certificate; and • a statement that the misappropriation, loss, destruction or damage has been reported to the Police Force of the Northern Territory (if required under Regulation 27). <p>No report is required if an asset has been written-off because of normal wear and tear.</p>	<p>In place at all times</p>
<p>Quotations</p>	<p>r34 LGGR r37 LGGR r49 LGGR Schedule 1 LGGR</p>	<p>Subject to council's policies, council need not obtain quotations for the provision of supplies if they cost less than \$10 000.</p> <p>For supplies at a cost of \$10 000 but no more than \$100 000 council must obtain:</p> <ul style="list-style-type: none"> • quotations from at least 3 suppliers, and council may only accept a quotation from the submissions made; or • public quotations under Regulation 35; or • tenders under Regulation 36. <p>If it is not practicable to obtain quotations from 3 possible suppliers, council must record its reasons in writing.</p> <p>Council must obtain all quotations in writing and keep them in an electronic form in council's records management system.</p>	<p>In place at all times.</p>

<p>Public Quotations</p>	<p>r35 LGGR r37 LGGR r49LGGR Schedule 1 LGGR</p>	<p>This applies if council elects to obtain public quotations under the Regulations. If council proposes to obtain supplies at a cost of more than \$100 000, but not more than \$150 000, the council must:</p> <ul style="list-style-type: none"> • make a public request for quotations by notice published in a newspaper circulating in the council's area, and by notice on the council's website; or • obtain tenders under Regulation 36. <p>Council must allow at least 5 business days for the receipt of quotations after giving the notice.</p> <p>Council must give notice of the successful quotation:</p> <ul style="list-style-type: none"> • in writing to each supplier that made a submission; and • by publishing the notice on council's website. <p>The notice must include:</p> <ul style="list-style-type: none"> • the name of the successful supplier; and • the supplies to be provided; and • the quotation price. <p>Council must obtain all quotations in writing and keep them in an electronic form in council's records management system.</p> <p><i>See Regulation 35 for other requirements on public quotations.</i> <i>See Regulations 38 and 39 for quotation exemptions.</i></p>	<p>In place at all times.</p> <p>Publish the notice with at least 5 business days for receiving submissions.</p> <p>Successful quotation must be publicly available for 3 years from the last day of the financial year in which council accepted the quotation.</p>
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<p>Tenders</p>	<p>r36 LGGR r37 LGGR r49 LGGR Schedule 1 LGGR General Instruction 1: Procurement</p>	<p>If council elects to go to tender, or if it proposes to obtain supplies worth more than \$150 000, council must call for tenders by notice published in a newspaper circulating in the council's area, and by notice on the council's website. Council must allow at least 5 business days for the receipt of tenders after giving the notice.</p> <p>Council's tender responses must be assessed by a panel that includes at least 3 members of the staff of the council or another council, or staff of a local government subsidiary. The CEO may not be a panel member, but is required to provide a report from the panel to the council.</p> <p>Council must give notice of the successful tender:</p> <ul style="list-style-type: none"> • in writing to each supplier that made a submission; and • by publishing the notice on council's website. <p>The notice must include:</p> <ul style="list-style-type: none"> • the name of the successful supplier; and • the supplies to be provided; and • the tender price. <p>Council must obtain all tenders in writing and keep them in an electronic form in council's records management system.</p> <p><i>See Regulation 36 for other requirements on tenders. See Regulations 38 and 39 for tender exemptions.</i></p>	<p>Publish the notice with at least 5 business days for receiving submissions.</p> <p>The successful tender details must be published on council's website.</p> <p>Must be available for 3 years from the last day of the financial year in which the council accepted the tender.</p>
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