

POLICY NAME: PROCUREMENT POLICY
POLICY NUMBER: P1520

Date Adopted:	8 July 1998	Author:	Lucinda Lincoln
Date Reviewed	16 August 2006	Author:	Gerard McConnell
Date Amended	12 December 2006	Author:	Gerard McConnell
File Reference:	10/5/13		
Procedure Reference	Refer Annexure A and B Procurement procedures; Tendering Procedures, and Statement of Business Ethics.		
Objective	To ensure Council at all times complies with the NSW Local Government Act 1993. Local Government (General) Regulation 2005 and other relevant legislation in relation to the procurement of goods and services. To clearly define a procurement framework, responsibilities and procedures for guidance of all Council Officers. To ensure that Council's procurement policies, practices and procedures are of best practice and meet the highest level of public accountability.		

1. POLICY STATEMENT

Narrandera Shire Council is committed to obtaining the best possible value and reliable product and/or service for the Shire through the implementation and management of, transparent and ethical procurement system.

This policy and related procedures are for all staff involved in procurement of goods and services. The policy covers legislative requirements, exclusions to the policy, local purchase policy, and annual expression for supply of goods and services.

2. LEGISLATIVE FRAMEWORK

The procurement of goods and services by Council must be undertaken and conducted in consideration (where applicable) with some, or all of the following policies, legislative framework and procedures:

- NSW Local Government Act 1993;
- NSW (General) Regulation 2005;
- Trade Practices Act 1974;
- Occupational Health and Safety Act 2000;
- Freedom of Information Act 1989;

- Privacy and Personal Information Protection Act 1998;
- State Records Act 1998;
- Electronic Transaction Act 2000;
- Goods and Services Tax Act 1999;
- Statement of Business Ethics;
- Delegation of Authority;
- Purchase and Sale of Vehicles;
- Ordering;
- Plant Hire;
- Credit Cards;
- Expressions of Interest;
- Code of Conduct;
- Confidentiality.

3. EXCLUSIONS TO THIS POLICY

This policy does not apply to:

- Advertising and postage;
- Incidental items – less than \$2,000,
- Urgent matters requiring immediate attention, examples electrical repairs or urgent maintenance and repairs;
- Payment at a set rate for a service over a period of time where the payment is in accordance with the contract;
- Supply under a NSW State Government purchasing/contracting arrangement. In this regard information in relation to the range of products available under State Government contract is to be provided to local suppliers in order for them to determine if they can provide the goods and services under the relevant contract.

4. POLICY ON LOCAL PROCUREMENT

In the essence of supporting local economic activity, local suppliers, or suppliers supporting a local workforce, should always be given the opportunity to bid for supply except where evidence exists (such as track record) that a supplier cannot satisfactorily meet the preferred supplier requirements listed below. Price alone is not a reason for accepting a local or external supply offer. An acceptance of supply or an offer to quote will be subject to a supplier's ability to demonstrate **(where appropriate)** best value concerning a range of procurement objectives:

- a) Competitive Price (inclusive of freight and net of GST considerations);
- b) Supplier reputation and ethics
- c) Availability and timeliness of work or goods to be provided;
- d) Availability and access to after sales service and maintenance;
- e) Competence and ability to supply the goods or service to specification;
- f) Quality and type of the product;
- g) Meeting Council's requirements under Occupational Health and Safety;
- h) Environmental impact considerations; and
- i) All other best value considerations to the particular tender or quotation.

5. ANNUAL EXPRESSION OF INTERESTS FOR SUPPLY OF GOODS AND SERVICES

Council will call on an annual basis for expressions of interest for a list of suppliers for frequently used products or services. This list will be utilised throughout the year for calling of quotes for common items of goods and services.

ANNEXURE A

POLICY TITLE:



PROCUREMENT PROCEDURES

FILE NUMBER:	
VERSION #/ DATE:	1- 08/2006
RELATED POLICY:	Procurement Policy P1520
EFFECTIVE DATE:	2006
CREATED BY:	Gerard McConnell, Executive Assistant
DATE APPROVED:	
APPROVED BY:	
ATTACHMENTS:	

Procurement Procedures

Objective

To ensure that correct processes are followed in Council's procurement of goods and services

Materials Required

Procurement policy	A
Job Cost Codes	B
Delegation of Authority - Financial	C
Council Management Plan	D
Expression of Interest template	E
Statement of Business Ethics	F

Other Information

Responsibility:	Director Corporate Services
Timing:	variable
Duration:	Variable

Comments

Procurement policy procedures are to be followed to ensure that procurement of goods and services are undertaken in accordance with legislative and procurement policy requirements.

Local Government (General) Regulation 2005

Authorisation of expenditure: Clause 211

(1) A council, or a person purporting to act on behalf of a council, must not incur a liability for the expenditure of money unless the council at the annual meeting held in accordance with sub clause (2) or at a later ordinary meeting has:

- (a) approved the expenditure and
- (b) has voted the money necessary to meet the expenditure.

(2) A council must, each year hold a meeting for the purpose of approving expenditure and voting money.

(3) All such approvals and votes lapse at the end of a council's financial year. However, this sub clause does not apply to approvals and votes relating to:

- (a) work carried out or started, or contracted to be carried out, for the council ; or
- (b) any service provided, or contracted to be provided, for the council; or
- (c) goods or materials provided, or contracted to be provided for the council ;or
- (d) facilities provided or started, or contracted to be provided, for the council or before the end of the year concerned or to the payment of remuneration to members of the council's staff.

Task List

Step #	Task	Relevant Annex	Due By
1	Firstly, check that there are funds available to cover the purchase of the required goods/service.		
2	Establish exact requirements of purchase eg type, quantity and any special features.		
3	A council order must accompany all requests for goods/services.		
4	At all times orders are to be within the authority delegated by the General Manager. If an order exceeds the authority delegated the order must be authorised by a Manger or Director with the appropriate authority.		
5	<p>An order is to be completed for all purchases (excepting bank fees, electricity, water, telephone, legal fees and purchase made by credit card). All materials purchased directly from a supplier must be on a purchase order. It is essential that all relevant information be included on the order including:</p> <ul style="list-style-type: none"> • Suppliers details; • Delivery address; • Requisition Officer; • Job Cost Number; • Quantity; • Unit Cost; • Description of goods and services; • Price (whether it be an estimate or quote). 		
6	If the goods have been received when the order was written, indicate this on the order as " Received ".		
7	If you receive an invoice at the time of purchase, sign the invoice so that the Cost Clerk will know the goods have been received. Present the order and invoice to the Cost Clerk or to the Storeperson who delivers paperwork to the Cost Clerk on a regular basis. Alternatively when the invoice is presented to council it will be matched with its order and presented to you for signing that		

	the goods/services have been received.		
8	The following thresholds are to be applied in relation to obtaining quotations and tenders for the supply of goods and/or services:	A – Purchasing Thresholds B - Tendering	
9	If there is a situation where you require goods urgently, obtain verbal permission from your supervisor and order the goods. Your name must be given to the supplier so that reference can be made to you on any associated paper work in relation to the emergency order. An order must be written out and given to the supplier as soon as practicable.		

Standards

- Purchases are within budgets and delegations.
- Purchase orders completed with exact details of requirements
- Invoices passed for payment in a timely manner
- Negotiations are undertaken when-ever possible to obtain best price and best value.

Annexure A - Purchasing Thresholds

The following thresholds are to be applied in relation to the purchasing of goods and/or services:

For purchases over \$2,000 and below \$150,000 (inclusive of GST)

- Authorised staff to obtain quotations from the Suppliers Expression of Interest List.
- All persons/organisations that provide a quotation must be advised of the outcome.
- All quotations received are to be given due consideration in accordance with the fundamental principles for quotation assessment.

Purchases over \$150,000 (inclusive of GST)

- Shall be administered in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2005.

Specialised Purchasing

- Purchase of replacement motor vehicles are to be undertaken in accordance with Council's vehicle replacement policy.

- Purchasing or engagement of specialised, limited or unique items or services are to abide with the requirements of the Local Government Act 1993 and Local Government General Regulations 2005.

Annexure B - Tendering

Section 55 of the Local Government Act 1993, in conjunction with the Local Government (General) Regulation 2005, provides the legislative framework that promotes the consistent use of good practice standards in local government tendering in a manner that is clear, consistent and readily accessible to all persons.

The practice of tendering is grounded in the understanding that it provides a mechanism to “test the market”. It provides an understanding of what the market expects and what can be expected of the market. This testing process is therefore designed to increase efficiency by ensuring that decisions are made with satisfactory knowledge of market conditions and expectations.

Tendering also provides another benefit, in that it provides a level of procedural transparency. Where the proper checks and balances are put into place, the tendering process can act to facilitate the auditing of decisions. The open and public nature of the tendering process instils a high level of accountability onto the decision-makers and promotes a greater degree of procedural fairness in the decision making process.

Essential Elements of Tendering

Tenders will be called for the provision of goods and/or services that exceed \$150,000 in value (including GST). Exceptions may apply in certain circumstances as provided by Section 55(3) of the Local Government Act 1993.

Council will choose between three (3) options before inviting tenders:

- i) **Open Tendering** - by which tenders for the proposed contract are invited by public advertisement must be aimed at all those who are willing to fulfil the requirements of the proposed contracts and all responses must be considered. The main advantage of the open tendering method is that the tender process is limited to one simple stage, where all applicants are assessed on their merits. This method promotes a level of procedural equity.
- ii) **Selective Tendering** – by which Council advertises for expressions of interest to undertake a particular contract. Council must then consider all applications and may then decide to invite tenders from some or all of the applicants. However, the Council is not obliged to do so.
- iii) **Selective Tendering** – by which Council invites tenders for a contract from a list of contractors who are recognised as being qualified to complete the particular type of work. The list is generated by the Council advertising for people interested in tendering for the particular type of work. The Council is obliged to consider all applications. However, it is

up to the Council as to whether the applicant is listed in whole, in part or not at all.

Documentation on each tender issued is to include:

- Tender number;
- Conditions of tender;
- Specifications of the tender;
- Selection criteria;
- The advertisement containing details of lodgement and closing dates for submissions;
- A list of general conditions of contract;
- A copy of Council's Statement of Business Ethics;
- Any other relevant material.

General Terms and Conditions of Tendering

The Local Government (General) Regulation 2005 includes requirements in relation to the content of advertisements, the content of tender documents, the specification of a deadline (of at least 21 days) and the specification of a contact person who may be approached for further details. The minimum tender period may be shortened (to a minimum 7 days), if exceptional circumstances render a 21 day deadline inappropriate. A Council may also extend the tender period, after having specified the period. Both actions may be taken without the need for a Council resolution, so long as the action follows the prescribed procedure.

The Tendering Regulation requires that tenders take a written form and that they are delivered in a sealed envelope. Tenders that are received by specified electronic means are also to be included (refer to tendering requirements within Local Government General Regulation). All envelopes containing tenders are required to be placed in the secure "Tender Box" located in Council's Administration Building. The envelope may only be opened at the time stated as the deadline. The procedure for opening the envelopes and acknowledging the receipt of tenders is as prescribed in the Regulation.

Tenders are to be assessed as soon as practicable after the tender box is opened. The Regulation states that only those tenders received before the deadline may be considered. However the Regulation does allow for delays associated with disruptions affecting the postal system.

After having considered all the tenders submitted for a proposed contract, a report is to be prepared for Council to either accept the tender that appears to be the most advantageous, having regard to all the circumstances, or decline to accept any of the tenders.

From time to time, Council may participate in regional tendering processes (eg RIVROC or Regional Alliance) for bulk purchasing. In this regard, local suppliers of the tendered goods or services will be encouraged to submit a tender.

Guiding Tendering Processes

Confidentiality

Council must not disclose tender information received from tenderers that is intellectual property, proprietary, commercial-in-confidence or otherwise confidential. In addition, council staff or councillors must not disclose information regarding the specific details of a tendering process, including recommendation of the tender evaluation or assessment panel before the council has made a resolution on the matter at a council meeting.

Conflict of Interests

Council officials have an obligation to disclose potential or actual conflict of interests between their public duties and their personal or private interests. The benefit or loss may be financial or non-financial. Any conflict of interest in the tendering process is required to be declared immediately to ensure high standards of probity in the tendering process.

Quality Assurance

Quality assurance is a systematic process that is required to be included into the specifications of the tender documents and subsequent contract.

Record Maintenance

Council is to ensure that full records of the entire tendering process are to be kept and maintained in compliance with the State Records Act 1998.

Risk Management

Reference is to be made to Australian Standard for Risk Management – AS4360-199 for identification, evaluation and control in the tender process.

Communication with Tenderers

All communications with potential tenderers are to be conducted within strict probity and risk management frameworks to ensure accountability and transparency. Records are to be kept of all communications with all tenderers.

Evaluation of Tenders

Evaluation or consideration of tenders are to be based on the conditions of tendering and the evaluation criteria provided in the tender documents. The appropriate Director will form a tender evaluation committee, who will determine the tender scoring evaluation methodology, conduct an evaluation of the tenders and prepare a draft report for Council.

Report to Council of Tender Evaluation Outcome

Section 377 of the Local Government Act requires that a report must be prepared to allow Council to make a decision to accept a tender under Section 377 of the Local Government Act or not accept any of the tenders under clause 178 of the Regulation.

Debrief of Tenders

Council must advise unsuccessful tenders as soon as possible under Clause 179 of the Regulation and should be available to debrief them on request.

Develop the Contract

Where Council has resolved to accept a tender, the Council then enters into a contract in accordance with Clause 165 of the Regulation.