

PROCUREMENT

CS100



NARRANDERA SHIRE COUNCIL POLICY

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Policy No: CS100
Policy Title: Procurement
Section Responsible: Corporate Services
Minute No:
MAGIQ No: 459287
Next Review Date: September 2024

Responsible Officer: Governance and Engagement Manager

Objective

There are four objectives:

1. To ensure that Council and those with delegation to procure goods and services comply with the NSW *Local Government Act 1993*, the *Local Government (General) Regulation 2005* and other relevant legislation relating to the procurement of goods and services;
2. To clearly define a procurement framework, responsibilities and procedures for guidance of Council and those with delegation;
3. To ensure that Council's procurement policies, practices and procedures are of best practice and meet the highest level of public accountability;
4. To apply the adopted Code of Conduct to govern actions taken during the procurement process and to provide a mechanism to deal with non-compliance.

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.

Scope

Applicable to all procurement activities of Council.

Definitions

The Process

Usually consists of the following steps:

1. Define the need and develop a specification.

2. Determine the most appropriate procurement method.
3. Obtain the appropriate approval (if new expenditure or outside budget limits).
4. Identify reputable suppliers or approved contractors relevant to the purchase.
5. Invite quotations or use direct purchasing (pursuant to the prescribed category).
6. Evaluate responses and make a recommendation.
7. Obtain approval for the decision or act under delegated authority.
8. Monitor the performance of the supplier or provider.
9. Check that what was delivered is what was ordered and is fit for purpose.
10. The capturing of all information into the document management system for archival purposes such as but not limited to the Tendering Checklist prepared by the Office of Local Government is the responsibility of the relevant Council officer. This requirement may be tested in accordance with annual performance appraisal of the relevant Council officer.

Content

Principles

There are five principles that should be considered when purchasing goods and services and they are:

1. Open and effective competition.
2. Value for money.
3. Enhancement of the capabilities of local business and industry.
4. Environmental sustainability.
5. Ethical behaviour and fair dealing.

These five principles and their intents are defined as follows:

1. Open and effective competition

The purpose of this principle is to:

1. Instil confidence within the community about the cost-effectiveness of practices.
2. Maximise the prospect of obtaining the most cost-effective outcome from invitations to suppliers.
3. Ensure suppliers are given a reasonable opportunity to do business with local government.

2. Value for money

The purpose of this principle is to:

1. Goods or services being procured should represent the best return and performance for the money spent from a “total costs of ownership” or “whole-of-life costs” perspective.

3. Enhancement of the capabilities of local business and industry

The purpose of this principle is to:

1. Enhance the opportunity for suppliers of goods and services to be considered for Council business based on merit, value for money and benefit to the local community.

4. Environmental sustainability

The purpose of this principle is to:

1. Ensure purchasing is consistent with Council's commitment to environmental sustainability, by promoting purchasing practices which conserve resources, save energy, minimise waste, protect human health and maintain environmental quality and safety.

5. Ethical behaviour and fair dealing

The purpose of this principle is to ensure that officers with purchasing responsibilities

1. Behave with impartiality, fairness, independence, openness, integrity and professionalism in their dealings with suppliers' representatives.
2. Advance the interests of Council in all transactions with suppliers' representatives in accordance with Council policy.
3. Attain a high level of credibility with suppliers' representatives.

Roles and Responsibilities

1. Mayor – to lead Councillors in their understanding of and compliance with this policy.
2. General Manager – to advise the Mayor on matter of procurement and to lead staff in their understanding and compliance with this policy and the procurement manual. The General Manager should also ensure that this policy is reviewed at least once during the term of each Council.
3. Deputy General Managers and Managers – to supervise and help staff in their understanding and compliance with this policy and the procurement manual.
4. Council staff – to ensure that procurement activities are actioned in accordance with this policy and the procurement manual with awareness of their respective financial limit of purchasing delegations. Staff should also report any suspected breaches of this policy or the procurement manual through the Public Interest Disclosure or other appropriate reporting mechanism.
5. Suppliers – are to conduct business with Council in an ethical manner and comply with Workplace Health and Safety obligations. Suppliers must not lobby Councillors or staff seeking favour or advantage about procurement activities.

Standards

1. Purchases are within budgets and delegations.
2. Purchase orders completed with exact details of requirements.
3. Invoices passed for payment in a timely manner.
4. Negotiations are undertaken whenever possible to obtain best price and best value.
5. Ethical Behaviour and Fair Dealing are always displayed when purchasing.
6. Upon request feedback will be provided to unsuccessful suppliers of goods and or services which may assist in future dealings with Council.

Purchasing Thresholds

Council's Purchasing Manual shall set purchasing limits that details incremental quotation and authorisation processes as the purchase value increases until reaching the statutory tendering trigger value of \$250,000; the table of purchasing limits is below:

Procurement Values	Minimum Actions Required
\$1 to \$50	<ul style="list-style-type: none">• No quotation required• Petty Cash Claim, or• Credit Cards (Authorised Staff Only), or• Purchase Order
\$51 to \$1,000	<ul style="list-style-type: none">• Verbal quotation required• Credit Cards (Authorised Staff Only), or• Purchase Order
\$1,001 to \$4,999	<ul style="list-style-type: none">• Verbal quotation required• Purchase Order Required
\$5,000 to \$24,999	<ul style="list-style-type: none">• One written quotation required• Purchase Order Required
\$25,000 to \$99,999	<ul style="list-style-type: none">• Three written quotations required• Purchase Order Required
\$100,000 to \$249,999	<ul style="list-style-type: none">• Formal quotation process• Three written quotations required• Approval granted by the relevant Deputy General Manager• Purchase Order Required
\$250,000 >	<ul style="list-style-type: none">• Public Tender process

Tendering

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

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

Essential Elements of Tendering shall be clearly displayed in Council’s Procurement Manual.

Standards for documentation retention, record keeping, and the overall decision-making process shall be clearly displayed in Council’s Procurement Manual.

Work Health and Safety Issues

Council as an employer must adhere to *Work Health and Safety Act, 2011* and its regulations to ensure staff and contractors are operating in a safe workplace environment.

Where non-urgent procurement is required this should be referred to Council’s Work Health Safety and Risk Officer in the first instance or to the council Work Health and Safety Committee for analysis and comment.

Schedule of Rates

Every second year Expressions of Interest (EOI) will be publicly advertised in advance of the forthcoming financial year calling for fixed rates from contractors for a period of two years for work, plant hire and projects (under the threshold as prescribed by Section 55 of the *Local Government Act 1993*).

Government Negotiated Contracts and Local Government Procurement Contracts

Council can access these contracts to purchase its goods and services at the agreed rates from the contracted suppliers if council considers such purchases offer the best value for money. Council is not bound to purchase from contracted suppliers if better terms can be negotiated from elsewhere.

Engagement of pre-qualified Contractors

Council has traditionally had a decentralised procurement model with the majority of tender and sub-tender sourcing by a number of Council officers who access both Local Government Procurement arrangements or go to market in accordance with the procurement policy; on some occasions local or regional providers may have missed the opportunity to work with Council as they may not have been a registered supplier with Council or their licences or other certification may not be valid.

The use of VendorPanel to access pre-qualified supplier lists and panels with VendorPanel managing supplier compliance, simplify governance and probity in relation to quote based purchasing.

Performance Management

The relevant Deputy General Manager or Manager using the services of a Contractor, must ensure the progress, performance and quality of the Contractor is monitored and recorded on the file for the project. A report at the completion of the works of the Contractor must be compiled by the relevant Deputy General Manager or Manager which will be considered in future procurement and tender considerations or evaluations.

Related Legislation/Guidelines/Policies and Associated Procedures

The procurement of goods and services by Council must be managed by one or more the following:

1. *Local Government Act 1993.*
2. *Local Government (General) Regulation 2005.*
3. *Competition and Consumer Act 2010.*
4. *Work Health and Safety Act 2011.*
5. *Work Health and Safety Regulation 2017.*
6. *Government Information (Public Access) Act 2009.*
7. *Privacy and Personal Information Protection Act 1998.*
8. *State Records Act 1998.*
9. *Electronic Transaction Act 2000.*

10. *Goods and Services Tax Act 1999.*

11. *VendorPanel guidelines.*

Variation

Council reserves the right to review, vary or revoke this policy.

Policy History

Adopted	18 July 1998
Reviewed	16 August 2005
Amended	12 December 2006
Reviewed/Amended	21 April 2009
Reviewed/Amended	17 April 2012
Reviewed and Adopted	19 June 2012
Reviewed by ELT	16 September 2019
Adopted for Exhibition	19 November 2019
Reviewed and Adopted	19 May 2020



Signed: General Manager

Date: 10/06/2020