



Procurement Policy 2023

POL002



Policy No: **POL002****Policy Title:** **Procurement Policy****Section Responsible:** **Governance****Minute No/Ref:** **23/087****Doc ID:** **509986**

1. INTENT

Council is committed to obtaining the best possible value for public and ratepayers' funds through the implementation and management of an appropriate purchasing system. This policy establishes a framework for the implementation of Council's purchasing arrangements.

2. SCOPE

This policy applies to all Narrandera Shire Council employees, Councillors and any other external entity overseeing the purchase of goods, services or works for Council.

The policy is applicable to all procurement activities of Council; however, the following situations are exempt under this Procurement Policy (delegated limits still apply to all purchases):

1. Financial Institution fees.
2. Placement of investments.
3. Regular supplies of utility services, but not the provision of new or changed service contracts.
4. Legal or ongoing consulting and training services as determined by the General Manager in instances where it is necessary for service providers to have an ongoing knowledge of the affairs of Narrandera Shire Council in order to provide an effective and informed service.
5. Supply of goods, services or works under a Government purchasing or contracting agreement, for example Local Government Procurement Contracts.
6. Emergency repairs of Council infrastructure that expose Council to a public, staff or environment safety risk. Council staff utilising the emergency exemption are to use the Council Preferred Supplier list in selecting a supplier where possible for the

goods, services or works required. Dependant on circumstances, staff are required to obtain verbal confirmation from their Manager or Deputy General Manager where possible seeking an exemption from this Procurement Policy.

3. OBJECTIVE

There are four objectives:

1. To ensure that Council, and those with delegation to procure goods, services or works comply with the *Local Government Act 1993*, the *Local Government (General) Regulation 2021* and other relevant legislation relating to the procurement of goods, services or works.
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.

4. POLICY STATEMENT

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

5. PROVISIONS

5.1 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.

5.2 PRINCIPLES

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

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.

5.2.1 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.

5.2.2 Value for money

The purpose of this principle is that goods or services being procured represent the best return and performance for the money spent from a “total cost of ownership” or “whole-of-life costs” perspective.

5.2.3 Enhancement of the capabilities of local business and industry

The purpose of this principle is to 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.

5.2.4 Environmental sustainability

The purpose of this principle is to 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.

5.2.5 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.
4. Take reasonable steps to ensure goods, services or works procured are not the product of modern slavery.

5.3 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, services or works which may assist in future dealings with Council.

5.4 PURCHASING THRESHOLDS

Council's Purchasing Manual shall set purchasing limits that detail 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 Required
\$51 to \$1,000	<ul style="list-style-type: none"> • Verbal quotation required • Credit Cards (Authorised Staff Only), or • Purchase Order Required
\$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

5.5 TENDERING

Section 55 of the *Local Government Act 1993* and the *Local Government (General) Regulation 2021* 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.

5.6 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.

5.7 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*).

5.8 GOVERNMENT NEGOTIATED CONTRACTS AND LOCAL GOVERNMENT PROCUREMENT CONTRACTS

Council can access these contracts to purchase its goods, services or works 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.

5.9 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.

Council is a member of VendorPanel which can be used to access pre-qualified supplier lists and panels with VendorPanel managing supplier compliance, governance and probity in relation to quote based purchasing.

5.10 MODERN SLAVERY

Circular 22-09 issued by the Office of Local Government 11 April 2022, requires for Council to recognise its obligations under the *Modern Slavery Act 2018 (NSW)*.

Modern Slavery is a serious violation of an individual's dignity and human rights – exploitative practices include human trafficking, slavery, servitude, forced labour, debt bondage and forced marriage are all considered as examples of modern slavery and are serious crimes under Australian Law.

From 1 July 2022, there is a requirement for Council to take reasonable steps to ensure that goods, services and works procured by and for the Council are not the product of modern slavery within the meaning of the *Modern Slavery Act 2018 (NSW)*.

Commencing with the 2022-2023 Annual Report, Council is required to publish an annual statement of the actions taken by Council in relation to any issue raised by the Anti-slavery Commissioner during the year concerning the operations of the Council and identified by the Commission as being a significant issue – a statement is also required as to the steps taken by Council taken to ensure that goods, services and works procured by and for the Council during the year were not the product of modern slavery.

For procurement over the amount of \$4,999 the supplier of the goods, services or works will be asked to complete a supplier questionnaire from which the procuring officer may be able to identify potential modern slavery risks.

5.11 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. purpose of this principle is to 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.

6. DEFINITIONS

- **NSC:** Narrandera Shire Council
- **GST:** Goods and Services Tax
- **Modern Slavery:** Any conduct constituting a modern slavery offence within the *Modern Slavery Act 2018* (NSW); any conduct involving the use of any form of slavery, servitude or forced labour to exploit children or other persons taking place in the supply chains of organisations

7. ROLES AND RESPONSIBILITIES

7.1 MAYOR

- To lead Councillors in their understanding of and compliance with this policy.

7.2 GENERAL MANAGER

- To advise the Mayor on matters of procurement and to lead staff in their understanding and compliance with this policy and the procurement manual.
- To ensure that this policy is reviewed at least once during the term of each Council.

7.3 DEPUTY GENERAL MANAGER / MANAGER

- To supervise and help staff in their understanding and compliance with this policy and the procurement manual.

7.4 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.

7.5 SUPPLIERS

- 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.

8. RELATED LEGISLATION

- *Competition and Consumer Act 2010*
- *Electronic Transaction Act 2000*
- *Goods and Services Tax Act 1999*

- *Government Information (Public Access) Act 2009*
- *Local Government (General) Regulation 2005*
- *Local Government Act 1993*
- *Modern Slavery Act 2018*
- *Privacy and Personal Information Protection Act 1998*
- *State Government Procurement Policy 2004*
- *State Records Act 1998*
- *Work Health and Safety Act 2011*
- *Work Health and Safety Regulation 2017*

9. RELATED POLICIES AND DOCUMENTS

- WHS-POL001 Work Health & Safety Policy
- POL145 Code of Conduct
- Procurement Procedure
- VendorPanel Guidelines.

10. VARIATION

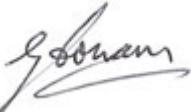
Council reserves the right to review, vary or revoke this policy in accordance with legislation, regulation and award changes, where applicable. Council may also make changes to this policy and the relevant procedures from time-to-time to improve the effectiveness of its operation.

11. PREVIOUS VERSIONS

Reference to a superseded policy number and/or name is also considered a reference to the new policy number. This policy was previously named:

- CS100 Procurement Policy
- P1520 Procurement Policy 1998

POLICY HISTORY

Responsible Officer	Governance & Engagement Manager Word Version of Policy: Doc ID 459287 Word Version of Manual: Doc ID 581068		
Approved by	General Manager		
Approval Date	16/05/2023		
GM Signature <i>(Authorised staff to insert signature)</i>			
Next Review	01 July 2027		
Version Number	Endorsed by ELT	Endorsed by Council	Date signed by GM
1 Adopted	-	-	18/07/1998
2 Reviewed	-	-	16/08/2005
3 Reviewed	-	-	12/12/2006
4 Reviewed	-	21/04/2009	21/04/2009
5 Reviewed	-	19/06/2012	19/06/2012
6 Reviewed	2/07/2018	19/05/2020	10/06/2020
7 Reviewed	28/03/2023	16/05/2023	14/07/2023

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12. Acknowledgement of Training Received (if required)

I hereby acknowledge that I have received, read and understood a copy of Council's XXXXX Policy.

Employee Name	
Position Title	
Signature	
Date	