

TEMORA SHIRE COUNCIL



TEMORA

The Friendly Shire

PROCUREMENT POLICY

ACTIVE

Review Details

ABOUT THIS RELEASE

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REVIEW

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PLANNED REVIEW

Planned Review Date	Revision Description		Review by
24/10/2020	General Review		
October 2021			

1. PURPOSE

Temora Shire Council is committed to procurement practices that achieve the best possible value for money, and employ highly transparent, accountable and ethically-sound processes.

This is achieved by conducting thorough evaluations of the whole-of-life cost of purchases, and ensuring that best practice procurement processes are communicated, understood and adhered to by all parties.

This Policy applies to Council's procurement functions including purchasing, tendering, contract management, payments and asset disposal as they relate to the acquisition, use and disposal of goods and services.

Through observing this Policy, Council will be able to use procurement as an opportunity to manage the community's money wisely and to deliver much needed goods and services in a financially, environmentally and socially sustainable way.

2. OBJECTIVES

To ensure purchasing arrangements comply with the following organisational objectives;

- Compliance with Local Government Act and Regulations;
- Efficient and effective use of Council resources;
- Open and effective competition;
- Value for money;
- Quality product and service;
- Enhancement of the capabilities and sustainability of local business and industry;
- Sustainable procurement;
- Environmental protection;
- Ethical behaviour and fair dealing; and
- Safety compliance, including transport chain of responsibility compliance.
- Support for local business

3. POLICY

3.1 GENERAL INFORMATION

It is generally accepted that purchasing by publicly funded authorities is guided by the following key principles:

- Compliance with the NSW Local Government Act 1993 and the NSW Local Government (General) Regulations 2005 in relation to the procurement of goods and services;
- Purchasing procedures be designed to provide the best value for money through the effective and efficient use of resources;

- Purchasing procedures used must achieve the highest level of public accountability, as outlined in this policy;
- Purchasing procedures must achieve the best value for money, ensure open competition and ensuring no individual supplier is given advantage over others;
- Purchasing procedures comply with all of Council's policies;
- Purchasing procedures should mitigate and manage the exposure to all risks associated with procurement.

3.2 APPROVED SUPPLIER ARRANGEMENTS

3.2.1 Approved Suppliers

Approved Supplier means a supplier who has been approved by Temora Shire Council to supply goods and services to the organisation.

Council continually maintains an Approved Supplier Register, with suppliers successfully meeting specified criteria set by Council being established as an Approved Supplier.

Assessment criteria relates to supplier insurance, registration and licensing, along with a commitment to Work Health and Safety and compliance with Council's adopted policies and procedures.

Council utilise the Approved Supplier Register to obtain goods and service proposals through seeking Quotations and Tenders, combined with undertaking specific purchases relating to direct plant and labour hire (hourly rate) without calling for quotations up to a value of \$50,000.

The intent of the Approved Supplier Arrangement is to facilitate an efficient purchasing process that maintains value and mitigates purchasing risk.

Selective direct plant and labour hire purchasing aims to efficiently support Councils existing resource base, through the elimination of need to clearly define project scope and obtain multiple or duplicate quotations for high volume routine purchases.

The results for Council is maintenance of good value for money, flexibility in procurement methods (labour/plant hire vs project quote for minor routine works) and more efficient use of internal resources.

Under this arrangement Council maintains the right to test the market and call for open quotations for any products or services it deems necessary.

Organisations seeking to become a Council Approved Supplier can access an Approved Supplier Application Pack via Councils website or via the following link [Approved Supplier Application](#).

3.2.2 Preference for Local Suppliers

A local supplier is defined as individuals, organisations or companies whose main business functions are based within the geographical Temora Local Government Area and who maintain business premises located within Temora Shire.

The preference of Local Suppliers is to recognise the importance of local business by acknowledging that such businesses should be given consideration in the purchasing

function of Council. Council will endeavour to ensure that local suppliers are afforded the opportunity to participate in the process.

In considering purchasing options, a local purchase preference, to a value of 10% or \$1,000, whichever is the lesser value, will be given where a product is available locally. The local preference amount does not apply to local business delivering Government Contract procurement.

In the case of fuel, agreements for supply by the local supplier will be tested annually against the Terminal Gate Price and rates provided by LGP. In annual terms, the local purchase preference policy will apply.

3.3 ETHICAL STANDARDS AND FAIR DEALINGS

Council is committed to ethical business practice based on the principles of public duty. Such principles include value for money, transparency, impartiality and fairness.

Temora Shire Council will ensure that procedures and practice relating to procurement of goods and services are consistent with best practice and the highest standards of ethical conduct. Council staff are in all circumstances bound by Council's Code of Conduct when carrying out their duty as an employee of Council.

- Staff are expected to abide by state and federal law and all relevant Council policies and procedures;
- Staff must act ethically, fairly, respectfully and honestly in all dealings with suppliers;
- Staff are accountable for their actions and are expected to act in the public interest;
- Staff are expected to act with due care and diligence;
- Staff are expected to use public resources effectively and efficiently; and
- Staff should avoid any conflicts of interest either perceived, pecuniary or non-pecuniary.

In addition, procurement activities are guided by the following core business principles;

- All potential suppliers will be treated with impartiality and fairness and given equal access to information and opportunities to submit bids.
- All procurement activities and decisions will be fully and clearly documented to provide an effective audit trail and to allow for an effective performance review of contracts.
- Tenders will not be called unless Council has a firm intention to proceed to contract. Council will not disclose confidential or property information.

Council expects all suppliers, or agents of suppliers of goods and services to observe the following principles when doing business with Temora Shire Council.

- Provide accurate and reliable advice and information when required;
- Declare actual or perceived conflicts of interest as soon as the business becomes aware of the conflict;
- Respect the obligation of Council staff to act ethically, fairly and honestly in all business dealings;

- To act ethically, fairly, respectfully and honestly in all dealings with Council;
- To not exert pressure on Council staff to act in ways that contravenes the business ethics or code of conduct of our organisation.
- To refrain from engaging in any form of collusive practice, including offering Council employee's inducements or incentives designed to improperly influence the performance of their duties.
- To commit to not offer Council staff inducements or incentives such as money, gifts, benefits, entertainment or employment opportunities.
- To assist Council to prevent unethical practices in its business relationship.
- To refrain from contact with Councillors in relation to a decision on the allocation of current or future supply of goods or services to Council

Council reserves the right to suspend or cease dealings with contractors or suppliers who do not comply with any of the above principles by resolution of Council.

For further detail regarding ethical standards and Council Code of Conduct, please refer to Governance Policies [G15 - Statement of Business Ethics](#) and [G17 - Code of Conduct](#) available on Council's website.

3.4 SAFETY, QUALITY AND ENVIRONMENT

All suppliers must adhere to current Workplace Health and Safety, Quality and Environmental legislative requirements.

The relevant Council Officer in charge of the procurement activity shall ensure all suppliers comply with the provisions of Council's safety, quality and environmental policy and procedure.

For further detail regarding safety quality and environmental expectations, please refer to Council policies [Health and Safety Policy](#), [Quality Policy](#) and [Environmental Policy](#) available from Council on request.

3.5 SUSTAINABLE PROCUREMENT

Sustainable procurement is a process whereby Council will meet its needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.

Practicing sustainable procurement will assist Council in:

- Eliminating unnecessary inefficiency, manage demand, waste and expenditure;
- Minimise environmental impacts of the goods and service over the whole of life cycle;
- Contributing to the combined purchasing power of local government to further stimulate demand for sustainable products;
- Increasing awareness about the range and quality of sustainable products available;
- Delivering its commitments in relation to environmental and social objectives;
- Playing a leadership role in advancing long term social and environmental sustainability;

- Supporting local businesses and organisations.

3.6 DISPOSAL OF ASSETS

The disposal of plant, equipment and goods must be carried out in a manner consistent with relevant Council policies and procedures, providing maximum benefit to Council.

3.7 SOLE SOURCE OF SUPPLY

Where a purchasing requirement is of a specific nature that can only be reasonably obtained from one supplier, procurement may be permitted without undertaking a tender or quotation process where:

- There is a genuine need for a proprietary product to ensure compatibility with existing equipment and there is a sole source of supply for the proprietary product;
- A genuine emergency arises that seriously threatens employees, customers, assets or corporate reputation;
- An urgent and important operational need where the welfare of customers or employees faces an impending and serious threat; or,
- There is a need for unique intellectual property or expertise that is available from only one supplier.

This approach may only be used for non-complex, low risk procurements with a value under the tendering threshold. Using a sole source of supply is only permitted under circumstances where Council is satisfied and can provide evidence that there is only one source of supply for those goods, services or works.

Table 1: Levels of Purchase

Category	Value of Goods & Services (GST Ex.)	Requirement Summary	Purchase Records
1	Goods & Services less than \$5,000	<ul style="list-style-type: none"> ✓ Minimum of 1 verbal quote or use tendered rates from Approved Supplier Register. ✓ Quotation Record <i>Note: Quote and/or Approved Supplier selection must be deemed reasonable by a Delegated Authority.</i> 	<ul style="list-style-type: none"> ✓ Purchase Order Form ✓ Quotation Record Form ✓ Daily Plant and Labour Hire Timesheet
	\$5,001 - \$10,000	<ul style="list-style-type: none"> ✓ Minimum of 1 written quote or use tendered rates from Approved Supplier Register. ✓ Quotation Record <i>Note: Quote and/or Approved Supplier selection must be deemed reasonable by a Delegated Authority.</i> 	<ul style="list-style-type: none"> ✓ Purchase Order Form ✓ 1 Written quote ✓ Quotation Record Form ✓ Daily Plant and Labour Hire Timesheet
	\$10,001 - \$50,000	<ul style="list-style-type: none"> ✓ Minimum of 2 written quotes or use tendered rates from Approved Supplier Register <i>Note: If 2 quotes are not possible, the reasons must be documented on the Quotation Record</i> ✓ Quotation Record <i>Note: Quote and/or Approved Supplier selection must be deemed reasonable by a Delegated Authority.</i> 	<ul style="list-style-type: none"> ✓ Purchase Order Form ✓ 2 Written quotes ✓ Quotation Record Form ✓ Daily Plant and Labour Hire Timesheet
	\$50,001 - \$150,000	<ul style="list-style-type: none"> ✓ Quotation Specification development ✓ Distribution via email to Approved Suppliers and other suitable suppliers. ✓ Minimum of 3 written quotes. ✓ Quotation Record 	<ul style="list-style-type: none"> ✓ Purchase Order Form ✓ 3 Written quotes ✓ Minor Quotation Specification Form ✓ Quotation Record Form ✓ Process documentation

Category	Value of Goods & Services (GST Ex.)	Requirement Summary	Purchase Records
2	\$150,001 - \$250,000	<ul style="list-style-type: none"> ✓ Where feasible, a formal tender process (public or selective) should be adopted (see purchases >\$250,000). ✓ Where not possible, the below conditions apply: ✓ Detailed Quotation Specification development ✓ Distribution via email to Approved/other suitable suppliers ✓ Minimum of 3 written quotes ✓ Prescribed evaluation ✓ Supplier outcome response ✓ Quotation Record 	<ul style="list-style-type: none"> ✓ Compliance with Tender Procedure OR ✓ Purchase Order Form ✓ 3 Written quotes ✓ Detailed Quotation Specification Form ✓ Quotation Record Form ✓ Declaration of Interest Form ✓ Quotation Evaluation Form ✓ Process documentation ✓ Letter notifying suppliers of outcome
3	\$250,001 and above	<ul style="list-style-type: none"> ✓ Formal tender process. 	<ul style="list-style-type: none"> ✓ Compliance with Tender Procedure
Other	Government Contract	<ul style="list-style-type: none"> ✓ Less than \$5000. Delegated Authority Approval ✓ \$5,001 - \$150,000. Departmental Manager / Director Approval ✓ Greater than \$150,000. General Manager Approval 	<ul style="list-style-type: none"> ✓ Purchase Order Form
	Emergency Event	<ul style="list-style-type: none"> ✓ Written approval from General Manager 	<ul style="list-style-type: none"> ✓ Written approval from General Manager