

	PROCUREMENT POLICY	Doc No D20.21624	
		Version 3	Date 18.10.2019
Controller:	Approved By:	Review Date	
GENERAL MANAGER	Council 18 October 2019 Minute No: 1019.4686	The Procurement Policy replaces the Purchasing Policy	

1. OBJECTIVE

The intent of this policy is to establish a framework which will assist Balranald Shire Council to achieve better practice in the expenditure of public funds for public purposes.

It will ensure that Council and all Council staff are aware of their responsibilities and the applicable procedures when procuring goods and services on behalf of Balranald Shire Council.

Overall, the policy is intended to achieve value for money by delivering quality outcomes at competitive prices, while recognising the impact of procurement decisions on the Council's industry and economic development.

2. DEFINITIONS AND ABBREVIATIONS

Act	The Local Government Act 1993 (NSW)
OLG	Office of Local Government
Local Benefit	Having the ability to positively impact upon the local economy by the means identified in paragraph 3 below
Local	Within the Balranald Shire Council local government area
Regulations	The Local Government (General) Regulations 2005 (NSW)
BSC	Balranald Shire Council

3. POLICY

Balranald Shire Council is committed to representing and assisting the community and the stakeholders of the Council area in meeting their needs at an affordable cost.

The Procurement Policy intention is to :-

1. Provide an honest, open, transparent and accountable manner that is fair, ethical and impartial, that deals with conflicts of interest and adheres to confidentiality provisions where appropriate:

2. Achieve best value for money and encourage competition within an appropriate risk management framework.
3. Meet relevant Australian Standards
4. Undertake tenders conducted in accordance with the Act, Regulations, the Tendering Guidelines for NSW Local Government and the Balranald Shire Council's Procurement Manual.

In addition, Balranald Shire Council will aim to encourage the development and promotion of business and industry within the local economy and in so doing will assist in creating the growth of such business or industry.

By including "Local Benefit" as one of the selection criteria for assessing tenders, council is actively encouraging and promoting business and industry within the Balranald Shire Council local government area without conferring an improper advantage or breaching the Trade Practices Act.

A Local Benefit can be established where there is/are one or more of the following:

- Locally sourced materials specific to the contract
- Locally sourced services as a result of the contract (e.g. fuel and accommodation)
- Locally sourced labour (people domiciled within the Balranald Shire Council local government area), either sub-contractors or employees, either at the time of tendering or as a result of being successful in the tender
- A business premise in the Balranald Shire Council local government area.

3.1. Procurement System

The procurement of goods and services by Council must have regard to the following principles:

3.1.1. Value for Money

Value for public money to achieve positive outcomes for the community is the core principle underpinning Council's procurement system. This will involve a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle. To carry out the comparative analysis, council will use appropriate evaluation criteria. A weighting will be applied to each evaluation criterion. Evaluation criteria and weighting will be set by the responsible officer, with the exception of Local Benefit which will have a maximum weighting of 10% of the total evaluation criteria for tendered contracts. Evaluation criteria will include the following considerations:

Total Cost with consideration of the following factors required:	
• Comparison with benchmarks or budget	Mandatory criteria
• Purchase or contract benefits compared with whole-of-life costs	Mandatory criteria
• Tendered price fixed for a minimum of 90 days from the date of closing of tenders	Mandatory criteria

• Other criteria as determined by the responsible officer	Optional criteria
Capability and Experience with consideration of the following factors recommended:	
• Compliance with specification	Mandatory criteria - Non conforming tender
• Other criteria as determined by the responsible officer	Optional criteria
WH&S, Risk Management and Quality with consideration of the following factors required:	
• Management systems (WHS, QA and EM Systems)	Mandatory criteria - Non conforming tender criteria
• Compliance with Conditions of Tendering	Mandatory criteria - Non conforming tender criteria
• Acknowledgement of receipt of Statement of Business Ethics and Procurement Policy (including Local Preference provisions)	Mandatory criteria - Non conforming tender criteria
• Other criteria as determined by the responsible officer	Optional criteria
Environment and Community with consideration of the following factors suggested:	
• Criteria as determined by responsible officer	Optional criteria
Local Benefit (maximum 10 points out of 100) with consideration of the following factors required:	
• Locally sourced materials (grown, manufactured, assembled, made within the Balranald Shire Council local government area) specific to the contract	Mandatory criteria
• Locally sourced labour (actual/potential as a result of the contract)	Mandatory criteria
• Locally sourced services (e.g. Fuel, accommodation) as a result of the contract	Mandatory criteria
• Supplier is a business operating within the Balranald Shire Council local government area	Mandatory criteria

3.1.2. Standards of Behaviour and Ethics

3.1.2.1. Honesty and Fairness

Council will conduct all tendering, procurement and business relationships with honesty, fairness and probity at all levels. Council must not disclose confidential or proprietary information.

3.1.2.2. Accountability and Transparency

Council must ensure that the process for awarding contracts is open, clear, fully documented and defensible.

3.1.2.3. Consistency

Council must ensure consistency in all stages of the procurement process. For example, conditions of tendering must be the same for each tenderer on any particular tender; all requirements must be clearly specified in the tender documents and criteria for evaluation must be clearly indicated; all potential tenderers should be given the same information; and the evaluation of tenders must be based on the conditions of tendering and selection criteria as defined in the tender documents. In saying this, advice given to potential tenderers clarifying aspects of the tender need not be circulated to all tenderers.

3.1.2.4. No Conflicts of Interest

A council official with an actual or potential conflict of interest must address that interest without delay in accordance with Council's Code of Conduct.

3.1.2.5. Rule of Law

The procurement of goods and services by Council must be in accordance with the legislative framework prescribed by the Act and the Regulations.

3.1.2.6. No anti-competitive practices

Council must not engage in practices that are anti-competitive or engage in any form of collusive practice.

3.1.2.7. No Improper Advantage

Council must not engage in practices that aim to give a potential tenderer an advantage over others, unless such advantage stems from an adopted Council procurement policy such as a local preference policy.

3.1.2.8. Intention to Proceed

Council must not invite or submit tenders without a firm intention and capacity to proceed with a contract, including having funds available.

3.1.2.9. Co-operation

Council must encourage business relationships based on open and effective communication, respect and trust, and adopt a non-adversarial approach to dispute resolution.

3.2. Procurement Delegations

Purchases less than \$250,000.00 inclusive of GST will be authorised by appropriate council officers. Appropriate council officers will be delegated authority by the General Manager to approve purchases of goods and services within specified limits. These limits will be strictly adhered to and will be monitored regularly with the onus being on the individual employee to ensure they do not abuse their authority level.

Financial Delegations – Expenditure Threshold Limits

Threshold (GST Incl.\$)	Delegate
Unlimited (as per approved budget)	General Manager
\$0 - \$249,999	General Manager Director Infrastructure & Development Director Corporate & Community Development
\$0 - \$50,000	Finance Manager Works Manager Projects and Design Engineer
\$0 - \$25,000	Tourism & Community Services Manager Health, Environment & Development Co-ordinator Manager Strategic Development Hostel Co-ordinator
\$0 - \$5,000	HR, Governance and Risk Co-ordinator Engineering Technical Officer Assets & WHS Officer Water Sewer Co-ordinator Senior Executive Assistant
\$0 - \$2,000	Stores Officer Executive Assistant Depot Administration Assistant Town Maintenance Officer (Euston)

The above thresholds are subject to legislative limitations and Council Policy relating to procurement and tendering.

The following financial parameters as stated in the Balranald Shire Council's Delegations of Authority and Delegations from the General Manager to staff.

Expenditure	Purchase Types	Purchase Authorised	Payment Authorised
\$0 - \$1,000	Direct – No quote required	Delegated Officer	Delegated Manager/Officer
\$1,001-\$5,000	Three Verbal Quotes, Preferred Supplier or Prescribed Agency	Delegated Officer	General Manager Directors Delegated Manager
\$5,001-\$50,000	Three Written Quotes, Preferred Supplier or Prescribed Agency	Delegated Officer	General Manager Directors Delegated Manager
\$50,001-\$100,000	Three Written Quotes	Director	General Manager Directors
\$100,001-\$249,999	Advertised Request for Quote	Director	General Manager Directors
\$250,000 and over	Tender	Council	General Manager

It is recognised that a number of purchases could relate to the same location or be components of an overall project. Under these circumstances separate tenders or quotations will be called for when each purchase or component is discrete enough to result in different suppliers (providing different services) responding to tenders or quotations. However, if it is intended for components or purchases to be managed by the one contractor then all components and purchases will be treated as one project and the total project estimated cost will be treated in accordance with this policy (i.e. if the total is greater or equal to \$250,000 then a tender will be called for the total project).

In the application of this policy it is important that individual purchases are discrete in nature from other purchases and it is not the intention to *bundle* purchases to circumvent these provisions.

Levels of delegation are set out in Council's Delegation Register.

Council's procurement activities operate within five prescribed categories. The categories are as follows:

(i) Goods and Services less than \$1,000.00 - Direct Procurement

Council Officers with appropriate authority are granted the ability to purchase goods and services up to the value of \$1,000.00 depending entirely on each individual's level of authority.

A supplier may be selected directly to provide goods and services where the expenditure is less than \$1,000.00. Under no circumstances are orders to be split so that the total value of the order falls under the amount of the individual's delegated authority level.

(ii) Goods and Services between \$1,001.00 and \$5,000.00 - Verbal Quotations

At least three verbal quotations are to be sought and documented where expenditure is between \$1,001.00 and \$5,000.00. If three verbal quotations are not possible the reason should be documented.

Under no circumstances are orders to be split so that the total value of the order falls under the amount of the individual's delegated authority level.

The officer will review all quotations and if not accepting the lowest quotation, then the reasons must be documented and forwarded to their direct supervisor for acceptance.

If the relevant supervisor decides to accept a supplier other than the supplier recommended, full justification for this decision must be documented and recorded.

(iii) Goods and Services between \$5,001.00 and \$50,000.00 - Written Quotations

At least three written quotations are to be sought and documented where expenditure is between \$5,001.00 and \$50,000.00. Under no circumstances are orders to be split so that the total value of the order falls under the amount of the individual's delegated authority level.

The officer will review all quotations and if not accepting the lowest quotation, then the reasons must be documented and forwarded to their direct supervisor for acceptance.

If the relevant supervisor decides to accept a supplier other than the supplier recommended, full justification for this decision must be documented and recorded.

(iv) Goods and Services between \$50,001.00 and \$100,000.00 - Written Quotations

At least three written quotations are to be sought and documented where expenditure is between \$50,001.00 and \$100,000.00.

Under no circumstances are orders to be split so that the total value of the order falls under the amount of the individual's delegated authority level.

The officer will review all quotations and make recommendation and if not accepting the lowest quotation, then the reasons must be documented and forwarded to their Director for acceptance.

Delegated Authority will be Director or General Manager level. If the relevant Director decides to accept a supplier other than the supplier recommended, full justification for this decision must be documented and recorded.

(v) Goods and Services between \$100,001.00 and \$249,999.00 - Written Quotations

Advertised request for quote will apply where expenditure is between \$100,001.00 and \$249,999.00.

Under no circumstances are orders to be split so that the total value of the order falls under the amount of the individual's delegated authority level.

The officer will review all quotations and make recommendation and if not accepting the lowest quotation, then the reasons must be documented and forwarded to their Director for acceptance.

Delegated Authority will be Director or General Manager level. If the relevant Director decides to accept a supplier other than the supplier recommended, full justification for this decision must be documented and recorded.

(vi) Expressions of Interest – Annual Schedule of Rates

Expressions of interest must be publicly advertised on an annual basis, calling for fixed rates from contractors for work, plant hire and projects (under the \$250,000.00 threshold) on an 'as required basis'.

Expressions of interest for the Annual Schedule of Rates may be invited by Council directly or the NSW State Government. The outcome of the expression of interest process, through which the relevant contractors are selected, must be approved by Council's Tender Panel.

(v) Public Tender

Pursuant to Section 55 of the Local Government Act 1993, tenders are to be sought where expenditure is expected to be equal or greater than the amount of \$250,000.00 (as prescribed by the Local Government (General) Regulation 2005).

Section 55(3) of the Local Government Act provides specific exemptions to the tendering requirement. In such cases, Council may utilise direct procurement processes after approval by way of Council resolution.

Council should select either the open or selective tendering methods (Clause 166 Local Government (General) Regulation 2005).

3.3 Methods of Purchase

Goods and services may be purchased by the issue of purchase orders; for cash, by the use of a Balranald Shire Council credit card or by use of other approved means within Council's specified limits.

Purchase orders shall be used to initiate the procurement of all goods and services. To comply with audit recommendations, each purchase order must have two separate signatures, one requesting the purchase and the other authorising the purchase. The purchase order must be authorised by an employee with authority to incur expenditure to the extent of the proposed purchase.

3.4 Cash and Credit Card Purchases

All supporting vouchers and tax invoices must be obtained for all purchases.

Petty Cash – Council's petty cash limit is \$50.00. Cash purchases must be supported by receipts.

Only the General Manager or the relevant Director may approve reimbursements of expenditure without the production of a receipt in certain circumstances.

All petty cash reimbursements must be submitted to the Finance Department for verification and identification of GST, prior to reimbursement.

Credit Cards - Council credit cards may be issued only to approved persons on the authority of the General Manager in accordance with Council Policy.

Council credit cards must not be used to incur personal expenditure, or expenditure on behalf of other organisations, even if it will be reimbursed at a later date. Misuse of a Council credit card may lead to the card being cancelled and the cardholder may be required to pay restitution to Council.

Cardholders must certify their monthly credit card expenses, confirming that the costs incurred were for official purposes. This should be supported by relevant tax invoices or receipts, which must be forwarded to the Executive Assistant Office to be filed with the monthly credit card statement.

The General Manager must authorise all Credit Card expenditure with the Mayor authorising the General Manager's credit card expenditure.

3.5 Contract Performance Review

At regular intervals during the life and subsequent to the expiry of the contract, the Director of the relevant Council division shall conduct and document contract performance reviews.

3.6 Emergency Procurement Procedures

Circumstances may arise whereby goods or services are required immediately, for example, in response to an emergency.

The same practices are to be followed as in ordinary cases where practicable, especially in regard to ensuring that the person requesting “emergency” goods or services has the appropriate authority to do so.

In such situations if the purchase price exceeds the value of the employee’s delegated authority the order should be referred to their immediate supervisor for approval, if this is not possible, the reasons should be recorded and referred to their supervisor as soon as is practicable after the emergency purchase.

The imposition of these processes is not to impede the urgent nature of such requests, but simply to uphold the transparency that Council requires in all procurement transactions.

3.7 Work Health & Safety

Balranald Shire Council will endeavour to reduce hazards in the workplace for its employees, by ensuring that a safe and healthy working environment is maintained. As a component of the work health and safety management practices of Council, WH&S principles must be considered when purchasing or hiring new plant or equipment and, where possible, in the purchase of everyday materials.

3.8 Tendering

Council will seek tenders where required by the Act and when deemed appropriate by the General Manager. Tendering selection criteria, other than local benefit, may be modified with the approval of the General Manager.

4. RESPONSIBILITY/ACCOUNTABILITY

Director Corporate Services, Finance Manager and Governance Officer	Responsible for auditing compliance with policy.
General Manager	Responsible for implementation of systems to apply this policy.

5.

RELATED DOCUMENTS

5.1. ASSOCIATED LEGISLATION

Local Government Act 1993 (NSW)

Local Government (General) Regulations 2005 (NSW) Trade Practices Act 1974

5.2. ASSOCIATED GOVERNMENT POLICY PROVISIONS

OLG Circular to Councils No 06/07 – Procurement in NSW Local Councils

OLG Circular to Councils No 09/39 – Tendering Guidelines in NSW Government Local Government

OLG Circular to Councils No 11/37 – Council Procurement and Contract Management Practices for Contracts for Consultancy and Professional Services

OLG Tendering Guidelines for NSW Local Government (October 2009)

5.3. ASSOCIATED COUNCIL DOCUMENTS

Code of Conduct

Delegation Policy

Asset Disposal Policy

Business Ethics Policy

Public Interest Disclosure and Internal Reporting

Complaints Management Policy (The resolution of any complaint arising from the application of this policy will be undertaken in accordance with the policy prescribed in Council's Code of Conduct.)

6. POLICY STATUS

This policy was formally adopted by Council on and commenced operation on . This policy replaces the previous Purchasing Policy adopted on 21 February 2017.

7. POLICY REVIEW

This policy may be amended at any time and must be reviewed at least bi-annually months from its adoption (or latest amendment).

8. AUTHORISATION

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..... Position:

General Manager

Date:/...../.....