



GLEN INNES SEVERN COUNCIL Procurement Policy

RESOLUTION NUMBER:	12.11/19	MEETING:	28 November 2019
	12.02/17		23 February 2017
	8.12/16		15 December 2016
	7.02/15		26 February 2015
	22.11/11		24 November 2011
	6.06/08		26 June 2008
	20.04/06		20 April 2006

1. OBJECTIVE

1. To ensure Council at all times complies with the *Local Government Act 1993* and associated Regulations when purchasing goods and services.
2. To clearly define a framework, responsibilities and procedures for guidance of all Council staff.
3. To assist Council in achieving value for money through the procurement process.
4. To overcome duplication of effort and research throughout the organisation and at the same time ensure co-operation and understanding from contractors and suppliers by consistent and regular purchasing practices.
5. To ensure that Council's purchasing policies, practices and procedures are best practice and meet the highest level of public accountability.

2. PRINCIPLES

Glen Innes Severn Council is committed to the following principles regarding the purchase of goods and services:

- **Best Practice in procurement:** Council will develop internal Procurement Guidelines based on the *Local Government Procurement Purchasing and Tender Guide* and provide training in its implementation.
- **Sustainability:** Eliminate unnecessary purchases, maximise the reuse and recycling of products and minimise waste.
- **Code of Conduct:** The key principles of Council's Code of Conduct should be adhered to in all procurement activities to ensure integrity is maintained and all outcomes are fair and honest and perceived as open and accountable.
- **Rule of Law:** Parties shall comply with all legal requirements.
- **Anti-Competitive Practices:** Parties shall not engage in practices that are anti-competitive. No individual supplier shall be given advantage over others.
- **Intention to Proceed:** Parties shall not seek to procure without a firm intention and budget capacity to proceed with the transaction.

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- **Co-operation:** Parties will maintain business relationships based on open and effective communication, respect and trust, and adopt a non-adversarial approach to dispute resolution.
- **Confidentiality:** It is important that Council Officers protect the commercial interests of all existing and potential contractors or suppliers. Disclosures must not be made, other than in the course of Council business, of information supplied by means of the quotation or tender process. Confidentiality of commercially sensitive material such as prices, discounts, rebates, profits, manufacturing and product information or other matters which come to notice in the course of official duties, must be maintained at all times.
- **Environmental Sustainability:** Council Officers will, when evaluating quotations or tenders, take into consideration the anticipated impact on the environment (positive and negative) and show such consideration in their evaluation documentation. This may be achieved by procuring goods and services that will minimise their impact on the environment, including goods constructed from recycled or re-used products.
- **Gifts and Benefits:** Council Officers must not by virtue of their position solicit, accept or acquire for any personal advantage, any gift or benefit from contractors and suppliers, both current and potential, or their representatives. Procedures relating to gifts and benefits are covered in detail in Council's Gifts and Benefits Policy and Guidelines.
- **Conflict of Interest:** A party with a potential conflict of interest will declare and address that interest in writing to the General Manager as soon as the conflict is identified. Such situations will be subject to special procedures in addition to regular procurement procedures.

3. PROCUREMENT DECISION MAKING

Council bases its procurement decisions on each of the following:

1. Council will prioritise value for money throughout the entire "life cycle" of a product rather than the lowest initial purchase cost.
2. Unless another supplier provides a comparable product or level of service for better value for money, Council will procure goods and services based on the following hierarchy:
 - Council's internal store;
 - Any Glen Innes Severn Council contracts in place;
 - Any Regional Procurement Initiative contracts that may be in place, i.e. regional waste contracts;
 - Local Government Procurement contracts;
 - NSW State Government contracts;
 - Procurement Australia contracts;
 - Other procurement arrangements, i.e. quotations or tenders.

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3. Council will consider the impact on the health and safety of staff and the community when procuring goods and services.

4. APPLICABILITY

This policy covers all procurement of goods and services by Glen Innes Severn Council by:

- Glen Innes Severn Council Councillors and employees;
- Community Committees of Council; and
- Agents of Council.

Council is obliged to call tenders for the procurement of goods or services with an estimated value exceeding the NSW Department of Local Government tender threshold, unless the contract is exempted under Section 55(3) of the Act.

- Tender Threshold – The tendering threshold adopted by Council is \$230,000 including GST, unless otherwise recommended by a Director and authorised by the General Manager, or to a maximum of \$249,999 including GST.

This policy does not apply to the procurement of goods and services:

- From internal Council sources;
- In an emergency; or
- By contractors or subcontractors of Council, unless specified in the contractual arrangements.

Recent amendments to the *Local Government Act 1993* mean that thresholds for contracts involving services provided by Council employees at the time of entering the contract remains at \$150,000 (including GST).

5. POLICY STATEMENT

The aim of this Policy is to obtain goods and services of the most suitable quality at the lowest whole of life cost which is consistent with the fitness for purpose of the requirements being procured and at an acceptable level of risk. This does not necessarily mean selecting the lowest price.

Value for money and promotion of effective supplier relationships in the procurement of goods and services is achieved by the following:

- **Open and effective competition.** Requirements should be planned well in advance to enable them to be adequately sourced, competitive bids obtained utilising open and effective competition, and delivery achieved on time without the need for stocks to be held in inventory.
- **Value for Money.** Demand for items which are required on a recurring basis should be forecast and aggregated using Standing Offers or Period Supply Contracts to

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improve negotiating leverage for Council as a whole and to enable suppliers to plan production and offer better prices and delivery times.

- **Provision of a Purchase Order to Suppliers prior to the receipt of goods/services.** An authorised Purchase Order must be provided to Suppliers at the time of the request for the goods/services. The Purchase Order should clearly specify the requirements and estimated/actual price. Suppliers should be encouraged to reference the Purchase Order number on the respective tax invoice to ensure timely payment. An exception to this is provided in Council's Procurement Guidelines.
- **Enhancement of the capabilities of Local Business and Industry.** The benefits of encouraging and dealing with local suppliers should be taken into account and should form part of the evaluation process for all agreements. Council has adopted a Local Business and Industry Policy which proactively encourages development of local business and industry. Procurement activities will be in accordance with the Local Business and Industry Policy.
- **Requirements should not be over-specified.** Specifications should be as explicit as possible, non-discriminatory and should focus on performance, function, and/or technical and physical characteristics (as opposed to brand and manufacturer).
- **The terms and conditions** governing the acquisition should allocate the risks to the party best able to manage them.
- **The market place should be continually researched** to identify new suppliers/products and enable effective use of competition in seeking offers.
- **Life cycle costing** should be an integral part of the procurement decision for major equipment.
- **Good supplier relations** (and where appropriate, partnering arrangements and long term relationships) should be established where considered beneficial.
- **Disputes with suppliers should be resolved expediently and in the best overall interests of Council.** Supplier performance should be a particular focus (using techniques such as value analysis and development of Key Performance Indicators) and the supplier's compliance with their obligations should be regularly monitored and enforced.
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6. PURCHASING THRESHOLDS

In implementing this Policy, staff will be guided by procedures set out in Council's Procurement Guidelines. All Council Officers with authority to sign purchase orders will be listed in the Financial Delegations Register.

The four (4) categories used in the guidelines apply where the value of procurement (including GST) is estimated to be:

- Less than \$2,500 for goods and \$5,000 for services – one (1) verbal quotation is required.

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- Between \$2,501 for goods and \$5,001 for services and \$19,999 – at least two (2) written quotations are required.
- Between \$20,000 and \$229,999 – at least three (3) written quotations are required.
- Over \$230,000 - Tenders are to be called, unless the contract is exempted under Section 55(3) of the *Local Government Act 1993*.

7. LEGISLATIVE CONTEXT

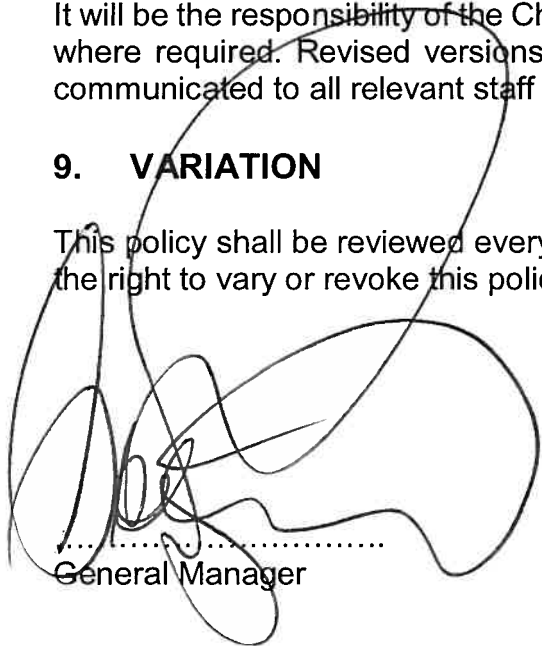
The procurement of goods and services by Council must be in accordance with the provisions of Section 55 of the *Local Government Act 1993* and clause 177 and 178 of the *Local Government (General) Regulation 2005*, as well as the policy and administrative requirements of Council.

8. IMPLEMENTATION/COMMUNICATION

It will be the responsibility of the Chief Financial Officer to induct staff regarding this Policy where required. Revised versions of the Policy that contain significant changes will be communicated to all relevant staff by the Chief Financial Officer.

9. VARIATION

This policy shall be reviewed every three (3) years or earlier if required. Council reserves the right to vary or revoke this policy at its discretion.



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General Manager

5/12/19.
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Date

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