



Procurement and Tendering

Application	All council staff, delegates or external entities
Responsible Officer	General Manager
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Purpose

The objectives of Carrathool Shire's Procurement Policy are as follows:

- To ensure Council is at all times in compliance with the *Local Government Act 1993* and *Local Government (General) Regulation 2005*;
- To define a procurement framework and the associated processes;
- To assist Council in achieving the best value for money in all of its procurement transactions;
- To ensure that Council's procurement processes are of best practice and meet the highest level of accountability and transparency;
- To encourage the development and promotion of business and industry from within the Carrathool Shire boundaries.

Definitions

Council:	Carrathool Shire Council
Tender Panel:	Reviews and endorses the form of tendering, quoting and contract documentation. The panel consists of the General Manager, Director Corporate and the relevant Department Manager.
Contract:	a legally binding agreement between the Principal and the Contractor providing the relevant materials, equipment, works and services. All applicable legislation and policies are to be considered in respect of the drafting, awarding and execution of the relevant contract.
Contractor:	Entity entering a contract with the principal, charged with providing goods and services pursuant to the contract.
Principal	Carrathool Shire Council
Local Supplier	A supplier of goods and/or services who conducts their business from within the Carrathool Shire area.
Preferred Supplier	A supplier of goods and/or services who has been selected as sole or one of limited number of suppliers. Preferred suppliers may be appointed following a competitive selection process or appointed on another basis, such as a sole local supplier with relevant experience. In the latter case, the rationale for not approaching other suppliers must be contestable and documented.

Reference

This policy complements other legislation and where it is silent on matters referred to in the following legislation such matters must be followed in accordance with the legislation.

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- The procurement of goods and services by Council must be in accordance with the legislative framework prescribed by the *Local Government Act 1993* and the *Local Government (General) Regulation 2005*.
- Section 55 of the *Local Government Act 1993* details the requirements for tendering by Council. Clauses 165 to 179 of the *Local Government (General) Regulation 2005* detail the administration of tenders, including prerequisite requirements and the processes associated with the opening and determination of tenders.
- Clauses 209 and 211 of the *Local Government (General) Regulation 2005* provide for the particular responsibilities of the General Manager and the authorisation of expenditure.

Policy statements

Audit/Risk Analysis

Internal audits and risk analysis of Council's procurement activities will be carried out on a regular basis.

Procurement System

Council's procurement activities shall be carried out in accordance with this policy. Council Officers are obliged to ensure that all of its activities relating to procurement are carried out having regard to the following principles.

(a) Open and Effective Competition

The objective of this principle is to maximise the prospect of obtaining the most advantageous outcome for Council. This will be achieved by:

- Procurement procedures being visible to Council, contractors, suppliers and the general public.
- All practices and procedures regardless of the size of the transaction being able to withstand public scrutiny.
- Contractors and suppliers having a real opportunity to do business with Council.
- Testing the market and encouraging competition among contractors and suppliers.

(b) Value for Money

Council bases procurement decisions on the principle of 'value for money' over the life cycle of products rather than merely basing value on the 'lowest cost'.

(c) Ethical Behaviour

Council has a Statement of Business Ethics, which outlines the standards to be observed and applied by the organisation in carrying out its business. The statement should govern all decision-making behaviour within the organisation.

Council officers should inform or provide potential contractors and suppliers of the Statement of Business Ethics.

(d) Conflict of Interest

Council Officers are advised to avoid situations where private interests conflict (or may be perceived as conflicting) with their professional duties and should be mindful of the provisions of Council's Code of Conduct.

Purchasing Delegations

Appropriate levels of authority to incur and approve expenditure as delegated by the General Manager 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.



Procurement Categories

Council's procurement activities operate within seven prescribed categories however staff should check with store/office before items are purchased that they are not carried in stock before committing to purchase.

The categories are as follows:

(i) Goods and Services less than \$5,000.00 - Direct Procurement

Council Officers with appropriate authority are granted the ability to purchase goods and services up to the value of \$5,000.00 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 \$5,000.00. Under no circumstances are orders to be split so that the total value of the order falls under the amount of the individuals delegated authority level.

(ii) Goods and Services between \$5,000.00 and \$29,999.99 - Verbal Quotations

At least three verbal quotations are to be sought and documented where expenditure is between \$5000.00 and \$29,999.99. 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 individuals 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 \$30,000 and \$250,000 - Written Quotations

At least three written quotations are to be sought and documented where expenditure is between \$30,000 and \$250,000. If three written 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 individuals 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.

Note: The threshold for contracts involving services provided by council employees at the time of entering the contract remains at \$150,000.

(iv) 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 tender threshold) on an 'as required basis'.

Expressions of interest for the Annual Schedule of Rates may be invited by Council directly, or may be invited through entities such as the RAMROC, Local Government Procurement 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) Preferred supplier agreements

For relevant goods, competitive quotations are to be invited from all relevant suppliers for a set time period, such as one or two years. A preferred supplier or more than one can be appointed.

(vi) Local Government Procurement

As a member of the LGNSW Council supports using the services of Local Government Procurement period contracts and procurement services, where relevant.

(vii) 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 1993* 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*).

Local Supplier Preference

Where the results of an evaluation against the specific selection criteria and procurement categories are equal, the Council officer should purchase the goods or services in question (or the relevant panel should recommend the tender/quotation to Council) from a local supplier.

Entering a contract for goods or services

In the majority of purchases by Council it will not be necessary to also enter a separate formal contract document that is signed by the parties. Contracts are to be entered on procurements of a critical nature such as IT applications or high-value procurements such as major works, where the impacts of non-performance, delays or poor quality performance might have substantial adverse consequences.

Managers or Directors must exercise judgment in assessing the merit of entering a formal contract for the specific procurement at hand to ensure Council's interests are protected.

Major Contract Performance Review

At regular intervals during the life of any major supply or services contract or sole local preferred supplier agreement, and also following the expiry of the contract, the Director of the relevant Council division shall conduct and document contract performance reviews.

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.



These processes must not impede the urgent nature of such requests, but are intended to uphold the transparency that Council requires in all procurement transactions.

Procurement of Services

All council staff, delegates, contractors or external entities in the procurement of goods and services for Carrathool Shire Council projects shall use judgement when selecting the plant to be used for a project based on the suitability of plant for the task, the reliability of the plant, the competence of the operators and the hire price including total cost of the project i.e. 'value for money'. For instances where plant is charged on an hourly basis or at a per kilometre rate, or where 'dry' hire or 'wet' hire provides the best value for any individual project.

Work Health & Safety

Carrathool Shire Council endeavours 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, WHS principles must be considered when purchasing or hiring new plant or equipment and, where possible, in the purchase of everyday materials. Contractor appointment must also address WHS considerations to a standard that conforms to Council's prevailing policies.

Revision Table

Minute /Date	Amendment Summary (Reason or Reference)
0730 / 20.09.2005	Replace 2.9.1 Tendering for Goods
1446 / 20.02.2007	
1481 / 20.03.2007	
0707 / 20.07.2010	Definitions – Preferred Supplier Procurement Categories – (v) Preferred Supplier Agreements (vi) Local Government Procurement
0658 / 15.04.2014	Reaffirmed
0741 / 16.10.2018	Minor wording changes
1131/ 22.10.2019	Amend Tendering threshold from \$150,000 to \$250,000

Associated Documents

- Tendering Guidelines for NSW Local Government, NSW Department of Premier and Cabinet Division of Local Government
- Tendering and Procurement Manual
- Statement of Business Ethics
- Code of Conduct
- Policy 90 – Work Health & Safety
- Policy 152 – On-Time Payment Policy

Review

This policy may be amended from time to time and will be reviewed within four years of its adoption (or latest amendment) with reference to any relevant legislation and best practice guides.