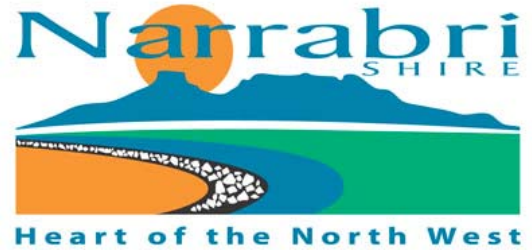


PROCUREMENT POLICY



Responsible Department: Corporate Services
Responsible Section: Finance
Responsible Officer: Financial Services Manager

Objective

Ethical Behaviour

Those involved in the purchasing process are to behave with impartiality, fairness, independence, honesty, openness, integrity and professionalism in their discussions and negotiations with suppliers. Council staff and councillors must ensure that they do not participate in any action which may be deemed as collusion, release of commercial in confidence information, a conflict of interest, or bias towards a supplier. They must also not accept nor seek out gifts or favours from suppliers. Council will discontinue all dealings with suppliers who engage in unethical conduct. Councillors will refer all questions in relation to tenders from prospective/active tenders, to Council's General Manager and refrain from contact with organisations participating in a tendering process until contracts are awarded.

Probity, Transparency and Openness

Council staff and councillors must ensure that all suppliers are given fair and equitable consideration at all times, whether from within Council's local area or otherwise. All purchasing procedures, regardless of the size of the transaction, must be open and transparent and able to withstand public scrutiny.

Legislative Requirements

All purchasing processes must comply with Council's obligations under the following legislation:

Local Government Act (NSW) 1993 - (LGA 1993)
Local Government (General) Regulation (NSW) 2005 – (LGR 2005)
Government Information Public Access Act 2009) - (GIPA)
Competition and Consumer Act 2010
NSW Work Health and Safety Act & Regulations 2011
NSW State Government Procurement Policy 2004

All purchasing processes must also comply with Council's obligations under the following Council policies:

Council's Code of Conduct
Council's Work Health and Safety Policy
Council's Ethics Policy

Value for Money

This is the basis for comparing conforming bids so that the optimal offer can be selected. Achieving quality standards, service levels, job creation potential, delivery times and environmental management is considered to be more important than obtaining the lowest price. Consideration should also be given for the whole of life cost and not the lowest initial cost. Consideration must also be given to the Sustainable, Social and Environmental factors, including the disposal of the asset at the end of its life.

Quality Assurance

Quality is an integral and core element in the provision of all goods, services and works and so Council encourages contractors and suppliers to have quality assurance accreditation under Australian Standard 3902 or International Standards ISO 9002 for manufacturers and distributors and Australian Standard 3901 or International Standard ISP 9001 for design and manufacture and systems. At the discretion of the actioning Council Officer, Quality Assurance may be a mandatory condition of the purchasing of a good or service.

Sustainable Consideration

Council seeks to promote sustainable purchasing practices that:

- eliminate unnecessary inefficiency, waste and expenditure
- contribute to the combined purchasing power of local government to further stimulate demand for sustainable products
- advance sustainability by participating in “closing the life-cycle loop”
- increase awareness about the range and quality of products available
- deliver council’s commitments in relation to ecologically sustainable development (ESD) and other environmental and social objectives
- play a leadership role in advancing long term social and environmental sustainability
- support local businesses and organisations.

Wherever practical Narrabri Shire Council employees and contractors will pursue the following goals and adhere to the specified objectives when purchasing products and services.

- **Minimise Unnecessary Purchasing** - only purchase when a product or service is necessary.
- **Minimise Waste** - purchase in accordance with avoid, reduce, reuse and recycle strategies.
- **Save Water and Energy** – purchase products that save energy and/or water.
- **Minimise Pollution** – avoid purchasing products that pollute soils, air or waterways.
- **Non Toxic** – avoid purchasing hazardous chemicals that may be harmful to human health or ecosystems.
- **Greenhouse Benefits** – purchase products that reduce greenhouse gas emissions.
- **Biodiversity & Habitat Protection** – purchase in accordance with biodiversity and conservation objectives.
- **Value for Money** - purchase for best value for money in the long term.

Local Content

Every effort should be made to ensure locally based organisations are given an opportunity to participate in the quotation or tender process in accordance with the NSW State Government Purchasing Policy Narrabri Shire Council has the aim of encouraging the development and promotion of business and industry within the Shire boundaries and in doing so will assist in creating growth of such business or industry.

For all purchases above \$75,000 (inc GST) the decision to purchase will be based on a number of criteria. When determining the ranking score of the “price criteria” for local suppliers, the submitted “lump sum” price is to be reduced by 5% (up to \$20,000

Goods and Services Tax (GST):

All values referred to in this Policy are GST inclusive.

Introduction

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

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.

Council shall strictly implement its Code of Conduct, guidelines and other relevant policies on matters relating to its purchasing activities.

Policy Statement:

The General Manager's delegated authority is set by Council at \$150,000 (inc GST) with Directors set at half this amount. The General Manager will determine purchasing limits for staff in accordance with their level of responsibility and accountability within the organisation as set out in Narrabri Shire Council's Procurement Procedures. These limits will be formally delegated to staff as required.

Before making purchases of any dollar value, employees must refer to the **"How to Purchase"** link on Council's Intranet under Corporate Services/Procurement/. This tool explains how to purchase items of all dollar values and the procedures to follow as guided by the Procurement Procedures Manual. The Procurement Procedures can be sighted on the Procurement Web page.

The value of all purchases should be known in advance so that a decision can be made as to which limit applies and the competitiveness of submitted prices.

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. If an entire order is of greater value than the individual's delegated authority, it must be referred to an appropriate supervisor for authorisation before a supplier is engaged. The supervisor to whom an order is referred must have sufficient delegated authority to sign for the purchase value.

Authorisation of payments will be done by the person who approved the expenditure or as otherwise specified in the relevant contract documents.

Council officers purchasing goods and services up to \$5,000 must check with the Store to ensure that the item is not carried in stock before committing to a purchase.

It is the responsibility of all Council employees, councillors and any other external entity overseeing the purchase of goods and services for Council to ensure that:

- The purchase complies with all conditions of the Procurement Policy/Procedures
- The intended purchase is not a stock item in the council stores
- Purchases up to \$50 within the shire area are purchased using the suppliers Monthly Order Number and must be signed for with a job number and printed name.
- The item purchased is not under a council contract

- If your delegated authority is less than the value of the proposed purchase you must get authorisation from an appropriate supervisor.

Council Tender Submissions

Council may submit a competitive tender for works advertised by Council. Any tender submitted by Council must meet all the conditions of this policy. Any tender submitted by Council for Council works must be considered under the terms and conditions of this policy. Any staff member involved in the preparation of any tender submitted for consideration by the tender panel may not be a member of the tender panel that considers the aforementioned tender submission.

Local Government Group Tender Panels

Narrabri Shire Council will participate in local government group tender panels. Council will work with other local government entities to obtain the most beneficial outcome for Council and the group.

Exclusions

The following situations are exempt under this Procurement Policy, however, delegated limits still apply to all purchases:-

- Financial Institution fees;(Placement of Investments
- Regular supplies of utility services but not the provision of new or changed service contracts;
- 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 Narrabri Shire Council in order to provide an effective and informed service;
- Supply of goods and services under a Government purchasing or contracting agreement for example Local Government Procurement Contracts.
- Emergency repairs of Council infrastructure that expose Council to a public, staff or environment safety risk. Council Officers utilising the emergency exemption are to use the Council Preferred Supplier list in selecting a supplier where possible for the goods and services required. Dependant on circumstances, Council Officers are required to obtain verbal confirmation from their Manager or Director where possible seeking an exemption from this Procurement Policy.

Related Policies And Procedures

"How to Purchase" Link on Council's Intranet under Corporate/Procurement – This link outlines step by step the various purchasing options available, provides examples of how to complete the purchase process, and also provides all the necessary forms. The Procurement Procedures is also sighted on this web page.

Administration Of Policy

The General Manager is accountable for the overall management of the Procurement Policy, is the interpreter of this policy and shall be the sole arbiter in respect to the application of this policy.

Council is committed to training and educating staff with regards to this policy. Refresher training will be undertaken at least once a year to ensure those responsible for the purchasing processes are reminded of the policy requirements.

Enforcement Of Procurement Policy And Procedures

All purchase amounts will be the subject of ongoing audit. Breaches of the Policy and Procedures will be reported to the General Manager.

Audits will be conducted by designated members of the Finance Department covering the following areas:

- Adherence to delegated levels of authority
- Adherence to purchasing limit requirements
- Adherence to centralised purchasing restrictions
- Adherence to purchasing card restrictions
- Variations between ordered values and payment values
- Committal of orders and contracts
- Other areas as deemed necessary

References

- Local Government Act (NSW) 1993 - (LGA 1993)
- Local Government (General) Regulation (NSW) 2005 – (LGR 2005)
- Government Information Public Access Act 2009 (GIPA)
- NSW Work Health and Safety Act and Regulations 2011

Measure of Success

- Measured by the adherence to the Policy and Council's Procurement Procedures.

History

MINUTE NUMBER	MEETING DATE	DESCRIPTION OF CHANGE
812/2006	21 November 2006	Adopted
568/2009	18 August 2009	Reviewed
26/2012	21 February 2012	Reviewed
210/2013	2 April 2013	Reviewed
812/2006	21 November 2006	Adopted
782/2014	16 December 2014	Adopted