

PROCUREMENT

CS100



NARRANDERA SHIRE COUNCIL POLICY

PROCUREMENT

Policy No:	CS100
Policy Title:	Procurement
Section Responsible:	Corporate Services
Minute No:	12/183
MagiQ No:	8346
Next Review Date:	As required but on a minimum basis within the first 12 months of the term of the elected Council

Principles

There are five principles that should be considered when purchasing goods and Services for the Council and they are:

1. Open and effective competition.
2. Value for money.
3. Enhancement of the capabilities of local business and industry.
4. Environmental protection.
5. Ethical behaviour and fair dealing.

When taking into account these principles one **MUST** ensure that the Council is able to function efficiently and effectively in its day-to-day operations.

These five principles and their intents are defined as follows:

1. Open and Effective Competition

The purpose of this principle is to:

1. Instil confidence in the public about the cost-effectiveness of Local Government Procurements.
2. Maximise the prospect of obtaining the most cost-effective outcome from invitations to suppliers.
3. Ensure suppliers are given a reasonable opportunity to do business with local government.

2. Value for Money

Goods or services being procured should represent the best return and performance for the money spent from a “total costs of ownership” or “whole-of-life costs” perspective.

3. Enhancing the Capabilities of Local Business and Industry

The purpose of this principle is to enhance the opportunity for suppliers of goods and services to be considered for Council business on the basis of merit and value for money.

4. Environmental Protection

Purchasing is to be consistent with Council's commitment to sustainable development, by promoting purchasing practices which conserve resources, save energy, minimise waste, protect human health and maintain environmental quality and safety.

5. Ethical Behaviour and Fair Dealing

This principle is to ensure that officers with purchasing responsibilities;

1. Behave with impartiality, fairness, independence, openness, integrity and professionalism in their dealings with suppliers' representatives.
2. Advance the interests of Council in all transactions with suppliers' representatives in accordance with Council policy.
3. Attain a high level of credibility with suppliers' representatives.

Objective

1. To ensure Council at all times complies with the NSW Local Government Act 1993. Local Government (General) Regulation 2005 and other relevant legislation in relation to the procurement of goods and services.
2. To clearly define a procurement framework, responsibilities and procedures for guidance of all Council Officers.
3. To ensure that Council's procurement policies, practices and procedures are of best practice and meet the highest level of public accountability.

Policy Statement

Narrandera Shire Council is committed to obtaining the best possible value and reliable product and/or service for the Shire through the implementation and management of, transparent and ethical procurement system.

Definition

Procurement

The process of procurement usually consists of the following steps:

1. Define the need and specification.
2. Determine the procurement method.
3. Obtain the appropriate approval (if new expenditure or outside budget limits).
4. Identify reputable suppliers or approved contractors relevant to the purchase.
5. Invite quotations or use direct purchasing (pursuant to the prescribed category).
6. Evaluate responses and make a recommendation.
7. Obtain approval for the decision or act under delegated authority.
8. Monitor the performance of the supplier or provider.
9. Check that what was delivered is what was ordered and is fit for purpose.

Legislative Framework

The procurement of goods and services by Council must be undertaken and conducted in consideration (where applicable) with some, or all of the following:

1. NSW Local Government Act 1993.
2. NSW (General) Regulation 2005.
3. Competition and Consumer Act 2010.
4. Occupational Health and Safety Act 2000.
5. Government Information (Public Access) Act 2009.
6. Privacy and Personal Information Protection Act 1998.
7. State Records Act 1998.
8. Electronic Transaction Act 2000.
9. Goods and Services Tax Act 1999.

Standards

1. Purchases are within budgets and delegations.
2. Purchase orders completed with exact details of requirements.
3. Invoices passed for payment in a timely manner.
4. Negotiations are undertaken when-ever possible to obtain best price and best value.
5. Ethical Behaviour and Fair Dealing are always displayed when purchasing.

Purchasing Thresholds

Council's Purchasing Manual shall set purchasing limits which initiate incrementing quotation and authorisation processes as the purchase value increases until reaching the statutory tendering trigger value.

Tendering

Section 55 of the Local Government Act 1993, in conjunction with the Local Government (General) Regulation 2005, provides the legislative framework that promotes the consistent use of good practice standards in local government tendering in a manner that is clear, consistent and readily accessible to all persons.

The practice of tendering is grounded in the understanding that it provides a mechanism to "test the market". It provides an understanding of what the market expects and what can be expected of the market. This testing process is therefore designed to increase efficiency by ensuring that decisions are made with satisfactory knowledge of market conditions and expectations.

Tendering also provides another benefit, in that it provides a level of procedural transparency. Where the proper checks and balances are put into place, the tendering process can act to facilitate the auditing of decisions. The open and public nature of the tendering process instils a high level of accountability onto the decision makers and promotes a greater degree of procedural fairness in the decision making process.

Essential Elements of Tendering will be set out in Council's Procurement Manual.

Standards for documentation and record keeping will be set out in Council's Procurement Manual.

WHS Issues

Council as an employer must adhere to Workplace Health and Safety regulations to ensure their staffs are operating in a safe workplace environment.

In regards to non-urgent procurement, if any doubt concerning safety exists when considering the procurement of any goods and / or services, these should be referred to the council's Risk Assessment Officer in the first instance or to the council WHS Committee for analysis and comment.

Schedule of Rates and Pre-Qualification of Contractors

Expressions of Interest (EOI) will be publicly advertised in advance of the forthcoming financial year calling for fixed rates from contractors for work, plant hire and projects (under the threshold as prescribed by the Local Government (General) Regulation) 2005.

Contractors are to be pre-qualified and appear in council's Approved Contractors Register prior to being engaged for work on a council worksite. For qualification contractors will supply council copies of all relevant insurances, required licences and other documents as deemed necessary.

Government Negotiated Contracts and LGP Contracts

Council has the ability to access these contracts to purchase its goods and services at the agreed rates from the contracted suppliers if council considers such purchases offer the best value for money. Council is not bound to purchase from contracted suppliers if better terms can be negotiated from elsewhere.

Variation

Council reserves the right to review, vary or revoke this policy.

Policy History

Adopted	18 July 1998
Reviewed	16 August 2005
Amended	12 December 2006
Reviewed/Amended	21 April 2009
Reviewed/Amended	17 April 2012
Reviewed and Adopted	19 June 2012