

# Procurement Policy

## 1. PURPOSE

The purpose of this Policy is to:

- Provide guidelines for Cootamundra-Gundagai Regional Council to facilitate consistency and control over its procurement activities;
- Demonstrate transparency and accountability to the community as well as existing, prospective and potential suppliers;
- Provide guidance to procurement decision-makers on the standards of ethical behaviour expected of them;
- Focus on the application of best practice in procurement; and
- Increase the likelihood of achieving the optimal outcome for the community when purchasing goods, materials and services by obtaining the best Value for Money.

## 2. SCOPE

This Policy applies to all Cootamundra-Gundagai Regional Council officers involved in procurement activities as well as consultants, contractors and others engaged by Council.

## 3. RELATED COOTAMUNDRA-GUNDAGAI REGIONAL COUNCIL POLICIES AND PROCEDURES

- Assets and Materials Disposal Policy
- Code of Conduct
- Delegations Register
- Fraud and Corruption Prevention Policy
- Fraud and Corruption Control Strategy (to be developed)
- Procurement Procedures and Guidelines for Officers
- Risk Management Policy (to be developed)
- Risk Management Plan (to be developed)
- Statement of Business Ethics

#### **4. APPLICABLE LAW, POLICIES, GUIDELINES AND REFERENCE DOCUMENTS**

This policy has been drafted with due consideration of the provisions of the:

- The Local Government Act 1993 (NSW);
- The Local Government (General) Regulation 2005;
- Tendering Guidelines for NSW Local Government 2009;
- DLG Circular 12-02 Procurement from Disability Employment Organisations;
- DLG Circular 11-37 Council Procurement and Contract Management Practices;
- NSW Procurement Policy Framework for NSW Government Agencies 2015;
- Buyers Guide to Contracts, Standing Offer Agreements and Pre-Qualification Council Schemes;
- Corruption Risks in NSW Public Sector Procurement – Consultation Paper (ICAC) 2010;
- Report on corrupt manipulation of contract procurement procedures (ICAC) 2007;
- Commonwealth Procurement Rules 2014;
- Guide to National Competition Policy;
- Work Health and Safety Act 2011 (NSW);
- Waste Avoidance and Resource Recovery Act 2001 (NSW);
- State Records Act 1988 (NSW)

#### **5. POLICY STATEMENT**

Cootamundra-Gundagai Regional Council seeks to procure the best quality goods, materials and services at the best possible price (Value for Money) through a fair, transparent and ethical procurement system comprising consistent and documented processes.

#### **6. AMENDMENT**

This Policy will be subject to amendment in accordance with a change to legislative requirements and referred to Cootamundra-Gundagai Regional Council for endorsement at the earliest practicable time. The Policy may also be submitted for Council reconsideration in keeping with best practice requirements.

#### **7. WHAT IS PROCUREMENT?**

The whole process of purchasing goods and/or materials and/or services and typically consists of the following steps:

- i. Define the need and specification.
- ii. Determine the procurement method.
- iii. Identify reputable suppliers or approved contractors relevant to the purchase.
- iv. Invite quotations or use direct purchasing (pursuant to the prescribed category).
- v. Evaluate responses and make a recommendation.
- vi. Obtain approval for the decision or act under delegated authority.

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- vii. Monitor the performance of the supplier or provider.
- viii. Check that what was delivered is what was ordered and is fit for purpose.

## **8. PROCUREMENT PRINCIPLES:**

All procurement by Cootamundra-Gundagai Regional Council is undertaken in accordance with the following principles:

### **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. This means that the cheapest good, material or service does not necessarily provide the best Value for Money.

### **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.

### **Probity and Ethical Behaviour**

All Cootamundra-Gundagai Regional Council officers involved in procurement activities must comply with the highest standards of probity and ethical behaviour. Specifically, officers will:

- Conduct all procurement activity fairly, impartially, consistently and professionally with all suppliers;
- Declare any real or perceived conflict of interests to their manager immediately after becoming aware of the conflict;
- Maintain the confidentiality of all aspects of offers and information received in response to an Expression of Interest, Request for Quotation or a Request for Tender;
- Maintain adequate and appropriate documentation throughout the procurement activity;
- Ensure their knowledge and understanding of the market is as thorough and up-to-date as practicable prior to commencing a procurement activity.

### **Sound Financial Management**

Cootamundra-Gundagai Regional Council officers apply the principles of good financial management at all times throughout every procurement activity they are involved in.

## 9. OTHER CONSIDERATIONS

The following are also considered and applied in all procurement by Cootamundra-Gundagai Regional Council:

- Goods, materials and services procured must meet all relevant **Australian Standards** and be fit for the purposes described in the specification.
- Where appropriate and where possible, positive consideration is given to suppliers who demonstrate goods, materials and services are **environmentally sustainable**.
- Business will not be conducted with suppliers that are **dishonest, unethical or unsafe**. Where Council becomes aware of a supplier engaging in any such behaviour, Council will discontinue conducting business with the supplier.
- Contracts will not be entered into with suppliers where Council becomes aware that such suppliers have had a **judicial decision** made against them (not including decisions under appeal) relating to employee entitlements that have not been paid.
- Where appropriate and to the extent permissible by law, preference is given to **Australian owned suppliers** and/or suppliers who **manufacture in Australia**.
- Where all other factors are equal, Council endeavours to give **preference to local suppliers** of goods, materials and services.

## 10. FINANCIAL DELEGATIONS FOR PROCUREMENT

Financial delegations define the financial limitations within which specified staff may approve a purchase, quotation and contractual processes. All procurement must be undertaken within these delegations.

## 11. PROCUREMENT METHOD APPLICABLE TO PROCUREMENT VALUE

The procurement method to be used in accordance with the value of the purchase. Details are specified in the "Procurement Procedures and Guidelines for Officers' document.

## 12. TENDERS AND CONTRACTS

For purchases of \$250,000.00 or more, Section 55 of the Local Government Act 1993 and Clause 163 of the Local Government (General) Regulation 2005 specify that such procurement be undertaken by way of tender. The Act and Regulation also facilitate the procurement of goods, materials and services of a value up to and exceeding \$250,000.00 by way of third party contracts.

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### **Schedule of Rates and Pre-Qualification of Contractors**

Expressions of Interest (EOI) will be publicly advertised 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.

### **Procurement of Goods, Materials and Services through Third Party (Panel) Contracts**

Certain alternatives are available through the Local Government Act and Regulation for the procurement of goods, materials and services through third party (Panel) contracts. Such contracts are established following a competitive process undertaken by third parties, thereby ensuring competitive pricing. They also offer Council the potential to save significant costs and time associated with analysing the supply market, developing Specification and Request for Tender documentation, evaluating offers and negotiating contract terms and conditions. Such contracts may be accessed from 'Prescribed Organisations' and entered into collaboratively with ROC's via a Tender Process.

### **Prescribed Organisations**

Section 55(3) of the Local Government Act 1993 permits the procurement of goods, materials and services through contracts that are established and managed by third parties referred to as 'Prescribed Organisations'. These contracts can be for any value, including those exceeding \$250,000 that would otherwise be subject to a tender process. Clause 163 of the Local Government (General) Regulation 2005 specifies two 'Prescribed Organisations' as follows:

- Local Government Procurement Partnership
- Procurement Australia

Section 55(3)(g) of the Local Government Act 1993 also specifies the NSW Procurement Board (ProcurePoint) as a body that establishes and manages contracts through which Council can procure goods, materials and services. It should be noted however that this **does not** extend to the Board's 'pre-qualification' schemes. Utilisation of such schemes require Council to comply with usual procurement procedures including tendering, as applicable.

### **REROC**

REROC is an association of several councils located in the eastern part of the Riverina area of New South Wales. REROC identifies and facilitates group purchasing activities on behalf of its member councils and is another third party through which Council can partner (via a Tender Process) to achieve contractual arrangements to procure goods, materials and services.

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### **13. PROCUREMENT PROCEDURES AND GUIDELINES**

Procurement Procedures and Guidelines for Officers have been developed to support this policy. The procedures guidelines and manual should be considered in unison with this policy.

### **14. RECORD KEEPING**

Cootamundra-Gundagai Regional Council keeps records of procurement activities in accordance with the State Records Act 1998. The level of detail recorded for each procurement activity is dependent on the complexity and the dollar value of the procurement activity.

### **15. SANCTION AND BREACHES OF POLICY**

Cootamundra-Gundagai Regional Council officers who breach the Policy will be subject to the disciplinary procedures provided under the Local Government (State) Award. Disciplinary action may include termination of employment for serious breaches of this Policy.

### **16. RESPONSIBLE DIVISION**

Business Section

### **17. TRAINING AND DEVELOPMENT**

Appropriate training will be provided to all staff involved in Cootamundra-Gundagai Regional Council procurement activities to ensure awareness of the requirements and their responsibilities under this Policy.

### **18. POLICY TERM**

This Policy is effective from January 2020. Cootamundra-Gundagai Regional Council intends to review the Policy at 12 monthly intervals, however reserves the right to review this Policy at an earlier date.