



Policy Title	Procurement Policy
Policy Category	Council Policy
Number & Version	SVC-FIN-PO-049-02
Policy Owner	Chief Financial Officer
Approval by	Council
Effective date	
Date for review	2-yearly

1. STRATEGIC PURPOSE

This Policy sets out the Snowy Valleys Council (Council) Procurement Policy for purchasing, tendering, contract management, payments and asset disposal relating to the procuring of goods and services.

Council is committed to procurement practices that result in the best value for money. It is imperative that it uses accountable, transparent, fair, and sustainable processes in the procurement of all goods and services.

Council is to ensure compliance with the *Local Government Act 1993* (the *Act*), the *Local Government (General) Regulation 2021* (the *Regulation*) and other relevant legislation in relation to the procurement and tendering of goods and services.

The procurement function is high risk in terms of fraud and corruption and therefore it is subject to tight rules and processes. Successful procurement provides great opportunities to use the community's money wisely and to deliver the required goods and services in a financially, environmentally, and socially sustainable way.

2. POLICY STATEMENT

This Policy applies to all contracting and procurement activities at Council and is binding upon Councillors, Council officials, consultants and contractors while engaged by Council.

This Policy does not apply to the procurement of goods and services from internal Council sources or the leasing or sale of Council land. A separate policy is in place outlining the methods and requirements for the disposal of assets.

The Chief Executive Officer is responsible for the delegation of functions to accountable officers of Council.

3. DEFINITIONS

For this Policy, definitions of terms are provided below:

Conflict of Interests – exist where a reasonable and informed person would perceive that they could be influenced by a private interest when carrying out their public duty (*Code of Conduct*).

Contract Management – is the process whereby both contract parties fully meet their respective obligations as efficiently and effectively as possible, to deliver the business and operational objectives required from the contract and in particular, to provide value for money.

Contractors and Suppliers – Individuals, organisations, or businesses, other than Council officials, that provide goods or services to Council.

Council Officials – includes Councillors, members of staff of Council, administrators, Council committee members, conduct reviewers and delegates of Council (*Code of Conduct*).

Expression of Interest (EOI) – is used to shortlist potential suppliers before then seeking detailed bids from the shortlisted tenderers through a RFQ or RFT process.

Internal Services – any service or goods provided in the day-to-day operations of Council between Council departments and/or Council business units.

Local Supplier – has its principal place of business/registered office within Council's Local Government Area (LGA) footprint and/or has a place of business within the Council LGA which solely or primarily employs persons who are residents or ratepayers within the Council LGA.

Non-Pecuniary Interest – are private or personal interests the person has, that do not amount to a pecuniary interest as defined in the *Act*. These commonly arise out of family or personal relationships, or involvement in sporting, social, or other cultural groups and associations and may include an interest of a financial nature (*Code of Conduct*).

Pecuniary Interest – is an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person (s442 of the *Act*).

A person will also be taken to have a pecuniary interest in a matter if that person's spouse or de facto partner or a relative of the person, or a partner or employer of the person, or a company or other body of which the person, or a nominee, partner or employer of the person is a member, has a pecuniary interest in the matter (s443 of the *Act*).

Procurement – Procurement is the full range of activities related to purchasing goods and services. The procurement process spans the entire life cycle of the product or service from inception and design through to contract management and disposal of any assets.

Public-private partnership (PPP) – is an arrangement between a council and a private person or company for the purposes of providing public infrastructure or facilities in which the council has an interest, liability or responsibility under the arrangement, and/or delivering services in accordance with an arrangement.

Request for Quotation (RFQ) – is a process with the purpose of inviting suppliers into a bidding process to bid on specific products or services.

Request for Tender (RFT) – is a formal process for seeking offers for the supply of goods or services and the disposal of property whereby an invitation is extended and offers are made and considered, according to a set of pre-determined assessment criteria, prior to the creation of a contract for the supply of the goods or services (*Tendering Guidelines for NSW Local Government*).

The requirements for tendering by NSW local Councils are prescribed under section 55 of the *Act* and by the *Regulation*.

4. CONTENT

4.1. PRINCIPLES FOR PROCUREMENT

4.1.1. ENSURING BEST VALUE FOR MONEY AND COST EFFECTIVENESS

The method of procurement must be cost effective and efficient. Regard must be given to all relevant costs and benefits over the whole of life (total cost of ownership) from the sourcing of raw materials to disposal/recycling/remanufacturing of the goods or services being procured.

Best value for money does not necessarily mean selecting the lowest quoted price. It represents the best return and performance from the money spent over the entire life of the good or service.

Purchasing decisions will be assessed on a value for money basis whilst giving full consideration to non-price factors such as fitness for purpose, quality, timely delivery, service, and support.

It also considers broader objectives of Council in areas such as business and industry development, environmental protection, energy conservation and occupational health and safety.

4.1.2. OPEN AND EFFECTIVE COMPETITION

It is Council's responsibility to give all prospective contractors and suppliers fair and equitable consideration to conduct business with Council. All prospective contractors and suppliers must be given equal access to information and equal opportunity to clarify what is being sought.

Council shall encourage and maintain competition by ensuring that there is minimal reliance on a single contractor or supplier. This is achieved by Council engaging a variety of suppliers or contractors across all procurement practices.

4.1.3. TRANSPARENCY AND ACCOUNTABILITY

Council will ensure all procurement activities are undertaken through a process that is open, clear, and documented.

Accountability in procurement means that an independent third party must be able to see clearly that a process has been followed and that the process is fair, reasonable, and consistent with this policy.

4.1.4. ETHICAL BEHAVIOUR AND FAIR DEALING

Council Officials will act with honesty, integrity, diligence, and a high degree of care in their procurement processes.

Council will not knowingly enter into procurement processes with contractors or suppliers who demonstrate an inability to adhere to Council's values or who fail to meet the requirements of Council's policies, procedures, and associated documents.

Council's procurement will advance the interests of the Council and attain a high level of professionalism and credibility. Council strives to be fair by ensuring its processes are appropriate and demonstrates this by being open, transparent, and accountable.

Council's *Procurement Procedure* aligns with the Independent Commission Against Corruption (ICAC) procurement recommendations and the *NSW Local Government*

Tendering Guidelines. Council officials shall undertake their work in accordance with *Council's Code of Conduct* and *Statement of Business Ethics*.

Council officials must avoid or appropriately manage any conflicts of interest and must refer to Council's *Code of Conduct* for guidance. A conflict of interest includes, but is not limited to, any pecuniary or non-pecuniary interests held by Council officials which may influence, or be seen to influence, the outcome of a procurement process.

4.1.5. DEVELOPMENT OF COMPETITIVE LOCAL BUSINESS AND INDUSTRY

Council encourages local businesses by supporting economic activity within the Council LGA, where it is efficient to do so, while achieving Council's overall principles for procurement. This method seeks to maximise an overall local community benefit.

4.1.6. SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

To support socially and ethically responsible procurement, Council will investigate the circumstances in which the goods and services are provided for Council use. This investigation extends to establishing whether contractors or suppliers promote socially and ethically responsible practices.

Sustainability involves maintaining and enhancing the community's quality of life, for both current and future generations, through a balance of economic viability, environmental conservation and restoration and community wellbeing. Council will assess proposals to determine commitment to environmental sustainability through whole of life considerations.

4.1.7. PROMOTING GOOD MANAGEMENT PRACTICES

Procurement documents shall be prepared in accordance with the Council's *Procurement Procedures*, available internally.

All information required to be disclosed under the *Government Information (Public Access) Act 2009 (GIPA Act)* will be made available and confidentiality will be maintained where appropriate.

Assessment of proposals shall ensure compliance with the *Work Health & Safety Act 2011* to provide a safe working environment for all Council officials, suppliers, contractors, volunteers, and visitors where materials and equipment purchased are fit for purpose and comply with legislative and workplace requirements.

All tenders prepared by Council will comply with the *Act*, the *Regulation*, the *Tendering Guidelines for NSW Local Government* and Councils *Tendering Guideline*.

4.1.8. RISK MANAGEMENT

The provision of goods and services by contract potentially exposes Council to risk.

Risk management is to be appropriately applied at all stages of procurement activities. Procurement at all levels will be properly planned and carried out in a manner that will protect and enhance Council's capability to prevent, withstand and recover from interruption to the supply of goods and services as defined in Council's Enterprise Risk Management Framework.

4.2. COMPETITIVE LOCAL BUSINESS AND INDUSTRY

To assist local industry and local economic development, Council will encourage a 'buy local' culture within Council by encouraging local suppliers to participate in Council business, or where possible source Australian made products.

If quotations are comparable and capabilities meet Council requirements, preference will be given to a local supplier as defined in the *Procurement Policy*.

Council will commit to the following in the sourcing of goods, services and works in all levels of its procurement processes:

- For procurement up to \$50,000: Local suppliers will be used where possible and where best-value principles, environmental and social sustainability and any other relevant criteria are demonstrated.
- For procurement above \$50,000: A compulsory assessment criteria demonstrating local and community benefit of no less than 10% overall weight will form part of the assessment.

4.3. PURCHASING FROM FIRST NATIONS BUSINESSES

Where possible, First Nations businesses are to be invited to quote for supplying goods and services. A qualitative weighting may be offered in the evaluation of quotations and tenders to provide advantages to First Nations owned businesses, or businesses that demonstrate a high level of First Nations employment.

4.4. GOVERNANCE

The Council's Procurement activities shall be carried out to the professional standards required by best practice and in compliance with relevant legislation and Council's policies and procedures.

4.4.1. STRUCTURE

Council has established a procurement responsibility structure and delegations ensuring accountability, traceability and auditability of all procurement decisions and aims to ensure that Council's procurement structure is flexible enough to purchase in a timely manner the diverse range of materials, goods, works, and services required by Council.

4.4.2. DELEGATIONS

Council staff must, prior to undertaking any procurement activities, obtain approval for the decision or act under delegated authority. Financial delegations define the financial limitations within which specified staff may approve a purchase, quotation, and contractual process. All procurement must be undertaken within these delegations.

4.4.3. RECORDS MANAGEMENT

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.

4.5. PROCUREMENT THRESHOLDS

Procurement thresholds are contained in the *Procurement Procedures* and set out the required actions for undertaking any Procurement. The *NSW Tendering Guidelines for NSW Local Government 2009* apply.

4.6. CAPITAL EXPENDITURE GUIDELINES (OLG)

The *NSW Capital Expenditure Guidelines 2010* apply to capital projects for infrastructure facilities, including renovations and extensions that are expected to cost in excess of 10% of Council's annual ordinary rate revenue or \$1 million, whichever is the greater (GST exclusive). The Guidelines do not apply to capital expenditure on land purchases, land remediation, water supply networks, sewerage networks, stormwater drainage, domestic waste management facilities, roads, footpaths, and bridges.

The relevant project manager is responsible for notifying the Office of Local Government of any project that falls within the Guidelines and submit the required documentation. Council's project office oversees the submission.

4.7. PUBLIC-PRIVATE PARTNERSHIPS (PPP)

Projects that involve Public-Private Partnerships must be identified at the outset and all requirements under the *NSW Guidelines on Procedures and Processes to be followed by Local Governments in Public-Private Partnerships 2005* must be adhered to.

4.8. COUNCIL CONTRACTS

In accordance with section 27 of the *GIPA Act*, Council is required to maintain a register that records information about each government contract which has (or is likely to have) a value of \$150,000 inclusive of GST or more. This register is required to be on the Council's website as prescribed under section 35 of the *GIPA Act*.

All contractual relationships must be documented and based on standard terms and conditions. Terms and conditions must be settled in advance of any commitment being made with a supplier. All Council contracts shall incorporate dispute management and alternative dispute resolution provisions to minimize the chance of disputes escalating to legal action.

Council establishes an accurate and effective contract management system that ensures that Council receives goods and services to the required standards of quality and quantity as intended by the contract.

4.9. RESPONSIBILITIES/ACCOUNTABILITIES

Council Officials – Responsible for complying with the provisions of this Policy and related Procedures.

Coordinators/Managers/Directors – Responsible for ensuring compliance with the Policy and related Procedures.

Finance Group – Responsible for ensuring Council officials with procurement responsibilities are trained in accordance with this Policy and related Procedures.

Chief Financial Officer – responsible for monitoring the adequacy of the Policy and associated Procedures and Guidelines.

Chief Executive Officer –Responsible for the delegation of functions to accountable officers of Council.

5. ASSOCIATED LEGISLATION

Government Information (Public Access) Act 2009
 ICAC Publications and Guidelines
 Local Government Act 1993 (NSW)
 Local Government (General) Regulation 2021
 State Records Act 1998
 Tendering Guidelines for NSW Local Government – October 2009
 Work Health & Safety Act 2011
 Local Government Amendment Act 2019 (the Amendment)
 NSW Capital Expenditure Guidelines 2010
 Guidelines on the Procedures and Processes to be followed by Local Government in Public-Private Partnership 2005

6. ASSOCIATED COUNCIL DOCUMENTS

Code of Conduct SVC-RP-STY-001
 Procurement Procedure SVC-RM-PR-029
 Tendering Guideline SVC-FIN-Gdl-030
 Procurement Management Framework
 Statement of Business Ethics SVC-EXE-Stm-021
 Purchase Card Policy SVC-FIN-PO-036
 Petty Cash Procedure
 Council Delegation Register
 Enterprise Risk Management Framework SVC-RM-Pln-002

7. HISTORY

Date	Action	Name	Policy Number	Resolution Date	Resolution Number
11/12/2018	Adoption	Council	SVC-RM-PO-049-01	11/12/2018	M338/18
16/11/2021	Endorsement	ELT	SVC-FIN-PO-049-02	16/11/2021	ELT255/21
17/02/2022	Adoption for Public Exhibition	Council	SVC-FIN-PO-049-02	17/02/2022	



PROCUREMENT MANAGEMENT FRAMEWORK

Council's procurement management framework and policy suite form the basis of Council's procurement processes. Council must ensure compliance with the *Local Government Act 1993* (the Act), the *Local Government (General) Regulation 2021* (the Regulation) and other relevant legislation in relation to the procurement and tendering of goods and services.

All procurement undertakings need to be efficient, effective, and fair.

1. Definition

As a broad process, procurement involves

- planning – identifying business needs and analysing the market;
- sourcing – tendering and negotiating contracts; and
- managing – contract management and evaluating outcomes.

It includes the whole process of acquisition of external goods, services and works and spans the whole life cycle from the initial concept through to the end of the useful life of an asset or the end of a service contract.



Source: NSW Government Procurement Policy Framework.