

MURRAY RIVER COUNCIL
COUNCIL POLICY

PROCUREMENT POLICY

POL-205.V#2



murray river
council

1. INTRODUCTION

The purpose of this Policy is to define the key procurement principles and to ensure that Murray River Council (the 'Council') and all Council employees are aware of their responsibilities and the applicable procedures when procuring goods or services on behalf of the Council.

2. OBJECTIVES

The objectives of this Policy are to:

- ▶ provide an honest, open, transparent and accountable manner that is fair, ethical and impartial, that deals with conflicts of interest and adheres to confidentiality provisions where appropriate;
- ▶ achieve best value for money and encourage competition within an appropriate risk management framework;
- ▶ commit to supporting local businesses where such purchases are justified on value for money grounds;
- ▶ meet all relevant Australian Standards, as appropriate; and
- ▶ conduct tenders in accordance with the Local Government Act 1993 (the 'Act'), Local Government (General) Regulations 2005 (the 'Regulations'), Tendering Guidelines for NSW Local Government (the "Guidelines") and Council's Procurement Manual.

3. SCOPE

This Policy applies to Council employees and Councillors participating in the procurement of goods or services on behalf of Council.

4. POLICY STATEMENT

Council's principles and policy on business ethics establishes obligations and standards of behaviour by service providers, suppliers, Councillors and Council employees in the conduct of procuring services or goods for Council.

Council employees and Councillors must conduct all procurement, tendering and business relationships with honesty, fairness and probity at all levels. Council employees and Councillors must not disclose confidential or proprietary information.

All procurement activities must be conducted in accordance with the provisions of the Act and Regulations.

Council's Procurement Manual provides detailed information on the obligations and processes to be followed to implement this Policy.

5. PROCUREMENT THRESHOLDS

As stated in Murray River Council's Delegations of Authority (from the Council to Mayor and Chief Executive Officer) Policy (POL-102); and Delegations of Authority (from Chief Executive Officer to Employees) Policy (POL-107), the financial parameters are as follows:

Expenditure	Purchase Types	Purchase Authorised	Payment Authorised
\$0 - \$1000	Verbal, online quote. No written quote required	Delegated Officer	Delegated Manager
\$1001 - \$5,000	One (1) quote must be sought	Delegated Officer	CEO Director Delegated Manager
\$5,001 - \$20,000	Two (2) quotes must be sought Prescribed Agency	Delegated Officer	CEO Director Delegated Manager
\$20,001 - \$249,000	Three (3) or more quotes must be sought Or Prescribed Agency	Delegated Officer Director CEO Council	CEO Director Delegated Manager
\$250,000+	Public Tender Prescribed Agency	Council	CEO

NOTE

Thresholds are inclusive of GST

- ▶ \$250,000 is the current NSW Local Government Act 1993 Public Tendering threshold.
- ▶ For quotes over \$1000 – means written/email quotes, online pricing/catalogues.
- ▶ Prescribed Agency – can be used to access suppliers and contracts as per the exemption provisions of Section 55(3) of the Local Government Act 1993.
- ▶ All Council staff undertaking tender and quotation processes, are to act in accordance with the requirements of this policy and any associated Council's procedures, relevant legislation, and the Act.

6. PROCUREMENT AUTHORITY

6.1 Council employees must ensure;

- ▶ All quotations are recorded
- ▶ Financial values are assessed for the total estimated cost of the procurement, including any potential extension periods
- ▶ Requirements cannot be split to circumvent the above thresholds
- ▶ Purchase orders are raised through Council's electronic purchase ordering system prior to goods and services being received
- ▶ Funds spent must be within Council's approved budget.

6.2 Corporate credit cards **must not** be used for procurement, except in the following circumstances (as listed in the Murray River Council's Corporate Credit Card Policy (POL-204)):

- ▶ if there is an urgent need for an item; otherwise the preferred transaction method is by a Purchase Order; and
- ▶ where there is no other means to pay for items, eg: conference registration; on-line orders.
- ▶

6.3 Council employees must have regard to the following procurement principles in all purchasing activities:

Value for money

Council must harness its purchasing power to achieve the best value for money. The concept of value for money is not restricted to price alone. The value for money assessment, in line with Council's vision, must include consideration of:

- ▶ contribution to the advancement of Council's priorities;
- ▶ fit-for-purpose, quality, services and support;
- ▶ experience and capacity of the supplier;
- ▶ whole-of-life costs, including costs of acquiring, using, maintaining and disposal;
- ▶ internal administration costs;
- ▶ technical compliance issues;
- ▶ risk exposure;
- ▶ the value of any associated environmental benefits;
- ▶ innovation and value adding; and
- ▶ creation of strategic partnerships; and
- ▶ local suppliers and local employment opportunities.

Open and effective competition

Purchasing should be open and result in effective competition in the provision of goods and services. Council must give fair and equitable consideration to all prospective suppliers.

Freedom from canvassing and lobbying

Council's suppliers, tenderers, contractors, consultants and partners, their employees and sub-contractors must not lobby or canvass Councillors or Council employees during a tender or quotation process. Unauthorised communication or lobbying of Councillors or Council employees during a tender or quotation process will lead to tenders being excluded from consideration.

7. IMPLEMENTATION AND DELEGATION

7.1 Council's delegations of authority must be followed at all times.

7.2 Council employees must ensure that the process of awarding contracts is open, clear, fully documented and defensible.

7.3 Any Councillor or Council employee with an actual or perceived conflict of interests must address that conflict immediately, in accordance with Council's Code of Conduct Policy (POL-100) and the NSW Ombudsman's Good Conduct and Administrative Practice - Guidelines for state and local government.

7.4 Council employees must not engage in any practices that aim to give a potential contractor or supplier an advantage over others, nor engage in any form of collusive practice. Council employees must not approach a contractor or supplier to pay, provide a gift or benefit for receipt of advice. Council employees must not disclose a competitor's price to a prospective supplier.

7.5 The identification and management of risks, in accordance with Council's Risk Management Plan, must be built into all of Council's procurement processes.

7.6 All procurement processes must be based on clearly articulated and defensible evaluation criteria consistent with the legislative and policy framework. All actions taken by Council

employees must be robust and defensible to the public.

- 7.7 Council employees must not by virtue of their position accept or acquire for a personal advantage any gift, gratuity or hospitality except which is permitted under the Council's Code of Conduct Policy (POL-100) and in accordance the Act.
- 7.8 This Policy is supported by Council's Procurement Manual, which details the procurement processes.

8. EVALUATION AND REVIEW

It is the responsibility of the Manager Procurement, Contracts and Leases to monitor the adequacy of this Policy and recommend appropriate changes.

This Policy will be formally reviewed every four (4) years or as needed, whichever comes first.

9. LEGISLATION, ASSOCIATED DOCUMENTS AND DEFINITIONS

Legislation

- ▶ Local Government Act 1993 (NSW)
- ▶ Local Government (General) Regulation 2005 (NSW)
- ▶ Government Information (Public Access) Act 2009 (NSW)
- ▶ Competition and Consumer Act 2010 (Cwlth)
- ▶ Fair Trading Act 1987 (NSW)
- ▶ Privacy and Personal Information Protection Act 1998 (NSW)
- ▶ State Records Act 1998 (NSW)

Associated Documents

- ▶ MRC Policy - Code of Conduct Policy (POL-100)
- ▶ MRC Policy - Delegations of Authority (Mayor to CEO) Policy (POL-102)
- ▶ MRC Policy - Delegations of Authority (CEO to Employees) Policy (POL-107)
- ▶ MRC Policy - Corporate Credit Card Policy (POL-204)
- ▶ MRC Policy – Internal Reporting (PID) Policy (POL-113)
- ▶ MRC Policy – Statement of Business Ethics Policy (POL-111)
- ▶ MRC Manual – Procedure Manual
- ▶ Office of Local Government (OLG) - Tendering Guidelines for NSW Local Government
- ▶ Ombudsman NSW - Good Conduct and Administrative Practice - Guidelines for state and local government.

Definitions:

Term	Definition
Procurement	All the processes concerned with developing and implementing strategies to manage the Council's spend in such a way as to contribute to the Council's overall goals and to maximise value and/or minimise the total cost of ownership.
Request for Tender (RFT)	The provision of a written specification for supply of goods and services for high value or complex contracts

Request for Quote (RFQ)	The provision of a written specification for supply of goods and services for low value contracts.
Prescribed Agency	An agency prescribed by the <u>Local Government Act 1993</u> to provide procurement services including public tendering exemptions to local government authorities in NSW.
Value for Money	Cost is one critical aspect of the value for money equation, but value for money does not always mean choosing the lowest cost option

10. DOCUMENT CONTROL

Version No.	Details	Dates	CM9 Reference	Resolution No.
1	Initial Issue	17 April 2018 to 24 May 2021	VF/18/2194	030418
2	Changes made to address tendering threshold changes in the LG Act	24 May 2021 to	VF/18/2194	200521

Council reserves the right to review, vary or revoke this policy at any time
This Policy is scheduled for review in before 2025

Disclaimer:

This document was formulated to be consistent with Murray River Council's legislative obligations and with the scope of Council's powers. This document should be read in conjunction with relevant legislation, guidelines and codes of practice. In the case of any discrepancies, the most recent legislation should prevail. This document does not constitute legal advice. Legal advice should be sought in relation to particular circumstances and liability will not be accepted for losses incurred as a result of reliance on this document.