MURRAY RIVER COUNCIL

PROCUREMENT POLICY

POL205.V1

ADOPTED: 17 April 2018
1. POLICY SUMMARY

1.1 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. POLICY OBJECTIVES

2.1 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 relevant Australian Standards, as appropriate; and
- conduct tenders in accordance with the Local Government Act 1993 (the ‘Act’), Local Government (General) Regulations 2005 (the ‘Guidelines’), Tendering Guidelines for NSW Local Government and Council’s Procurement Procedure.

3. BACKGROUND

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

3.2 Council’s principles 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.

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

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

3.5 Council’s Procurement Procedure provides detailed information on the obligations and processes to be followed to implement this Policy.
4. DEFINITIONS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred supplier</td>
<td>A list of approved suppliers for goods or services that have been approved by Council. It allows Council employees to procure goods or services without many of the usual procurement conditions.</td>
</tr>
<tr>
<td>Prescribed agency</td>
<td>An agency prescribed by the Local Government Act 1993 to provide procurement services to local government authorities in NSW.</td>
</tr>
<tr>
<td>Procurement</td>
<td>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.</td>
</tr>
<tr>
<td>Request for quote</td>
<td>The provision of a written specification for supply of goods and services.</td>
</tr>
<tr>
<td>(RFQ)</td>
<td></td>
</tr>
<tr>
<td>Request for tender</td>
<td>The provision of a written specification for supply of goods and services.</td>
</tr>
<tr>
<td>(RFT)</td>
<td></td>
</tr>
<tr>
<td>Value for money</td>
<td>Is determined by considering all the factors that are relevant to the proposed procurement and may include: experience, quality, reliability, timeliness, service, risk profiles and initial and ongoing costs. Value for money does not automatically mean the ‘lowest price’. Value for money is a comparison of the apparent benefits of the proposed procurement activity with the whole-of-life costs.</td>
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</tbody>
</table>

5. PROCUREMENT AUTHORITY

5.1 As stated in Murray River Council’s Delegations of Authority (from the Council to Mayor and General Manager) Policy (POL102); and Delegations of Authority (from General Manager to Staff) Policy (POL107), the financial parameters are as follows:

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Purchase Types</th>
<th>Purchase Authorised</th>
<th>Payment Authorised</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $2,000</td>
<td>▪ Direct; OR ▪ Two (2) quotes</td>
<td>Delegated Officer</td>
<td>Delegated Manager</td>
</tr>
<tr>
<td>$2,001 - $20,000</td>
<td>▪ Three (3) quotes; OR ▪ Preferred supplier; OR ▪ Prescribed Agency</td>
<td>Delegated Officer</td>
<td>General Manager ▪ Director ▪ Delegated Manager</td>
</tr>
<tr>
<td>$20,001 - $50,000</td>
<td>▪ Three (3) written quotes (RFQ); OR ▪ Preferred supplier; OR ▪ Prescribed Agency</td>
<td>Delegated Officer</td>
<td>General Manager ▪ Director ▪ Delegated Manager</td>
</tr>
<tr>
<td>$50,001 - $100,000</td>
<td>▪ Three (3) written quotes (RFQ) ▪ Prescribed Agency</td>
<td>Director</td>
<td>General Manager ▪ Director</td>
</tr>
<tr>
<td>$100,001 - $149,999</td>
<td>▪ Advertised request for quote (RFQ) ▪ Prescribed Agency</td>
<td>Director</td>
<td>General Manager ▪ Director</td>
</tr>
<tr>
<td>$150,000+</td>
<td>▪ Tender ▪ Prescribed Agency</td>
<td>Council</td>
<td>General Manager</td>
</tr>
</tbody>
</table>

Note: Refer to Council’s Procurement Procedure for details.
5.2 Funds spent must be within Council’s approved budget.

5.3 Corporate credit cards **must not** be used for procurement, except in the following circumstances (as listed in the Murray River Council Corporate Credit Card Policy (POL204)):
- 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.

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

5.4.1 **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.

5.4.2 **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.

5.4.3 **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.

6. **LEGISLATION, TERMINOLOGY AND REFERENCES**

- Local Government Act 1993
- Local Government (General) Regulation 2005
- Office of Local Government (OLG) Tendering Guidelines for NSW Local Government
- Government Information (Public Access) Act 2009
- Competition and Consumer Act 2010 (Commonwealth)
- Fair Trading Act 1987 (NSW)
- Privacy and Personal Information Protection Act 1998
- State Records Act 1998
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 (POL100) and the 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 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 (POL100) and in accordance the Act.

7.8 This Policy is supported by Council’s Procurement Procedure, which details the procurement processes.

8. **EVALUATION AND REVIEW**

8.1 It is the responsibility of the Director Corporate Services to monitor the adequacy of this Policy and recommend appropriate changes.

8.2 This Policy will be formally reviewed every three (3) years or as needed, whichever comes first.

9. **ASSOCIATED DOCUMENTS**

- Murray River Council Model Code of Conduct for Local Councils in NSW (POL100)
- Murray River Council Delegations of Authority (from the Council to Mayor and General Manager) Policy (POL102)
- Murray River Council Delegations of Authority (from General Manager to Staff) Policy (POL107)
- Murray River Council Corporate Credit Card Policy (POL204)
- Murray River Council Public Interest Disclosure Policy
<table>
<thead>
<tr>
<th>Version No.</th>
<th>Details</th>
<th>Date</th>
<th>Resolution No.</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Initial Issue – On 12 May 2016, the Premier of NSW, The Hon Mike Baird MP, made the Local Government (Council Amalgamations) Proclamation 2016 under the Local Government Act 1993, whereby Murray Shire Council and Wakool Shire Council were amalgamated to constitute the new area to be known as Murray River Council, effective immediately.</td>
<td>17 April 2018</td>
<td>030418</td>
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Council reserves the right to review, vary or revoke this policy at any time
This Policy is scheduled for review in April 2021