



ADMINISTRATION POLICY

Procurement

Applicability

All Councillors and Council Staff

Publication Requirement

Internal and External

Assigned Responsible Officer

General Manager

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1. POLICY OBJECTIVE

The objective of this policy is to define the framework for all procurement and tendering processes undertaken by Walcha Council.

2. POLICY SCOPE

This policy will apply to the procurement and purchasing of all materials, works and services engaged by Walcha Council in accordance with the NSW Local Government Act 1993 ("The Act"), the NSW Local Government (General) Regulation 2005 ("Regulation") and best practice.

3. POLICY STATEMENT

In accordance with The Act, Regulation and guidance material offered by the Office of Local Government, this policy aims to:

- a) Ensure the procurement process is open, fair, transparent, consistent and in accordance with Council's Code of Conduct and all other policies and procedures as appropriate;
- b) Encourage competitive procurement of goods, works and services and maximise community value;
- c) Ensure that funds are spent effectively and economically by considering value for money, taking into account both price and non-price aspects; and
- d) Ensure segregation of duties across procurement functions.

4. POLICY COMMITMENT

Walcha Council is committed to ensuring a fair, transparent and accountable process in its procurement of materials, works and services it utilises to meet the needs of the community.

5. ETHICS IN PROCUREMENT

5.1. Ethics in Procurement

It is the responsibility of all officers to work to maintain Council's standing in the community, to develop and maintain good relations between Council and its suppliers, and to keep in mind that personal interactions form much of the basis for the supplier's opinion of Council.

Council officers must apply the following ethics when undertaking procurement activities:

- a) Conduct all procurement with honesty, fairness and probity and not disclose any personal information;
- b) Demonstrate loyalty to Council and the public by diligently following lawful



- instructions, using reasonable care and only authority granted by delegation;
- c) Do not undertake any private business or professional activity that would create a conflict between personal interests and the interests of Council;
 - d) Be consistent through all stages of the procurement process. Council staff must not engage in practices that are anti-competitive or engage in any form of collusive practice. Council staff must not engage in practices that aim to give any supplier an advantage over other suppliers.
 - e) Do not accept money, loans, credits or prejudicial discounts, and the acceptance of gifts, entertainment, favours or services from present or potential suppliers that might influence, or appear to influence purchasing decisions;
 - f) Handle information of a confidential or proprietary nature to Council and/or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations;
 - g) Promote positive supplier relations through courtesy and impartiality in all phases of procurement;
 - h) Be aware of, and comply with, the laws governing the procurement function and remain alert to the legal ramifications of procurement decisions;
 - i) Undertake procurement processes with an intention to proceed with the purchase including having funding available for the purchase; and
 - j) Endeavour for all segments of business to have the opportunity to participate by demonstrating support for small and local businesses, subject to the consideration of achieving WHS requirements and best value for money in all instances.

5.2. Conflict of Interest

Any conflicts of interest (actual or potential) during the procurement process must be declared and managed. For information regarding conflicts of interest, refer to the Walcha Council Code of Conduct.

5.3. Receiving of Gifts or Benefits

The Council Code of Conduct outlines the obligations and responsibilities of staff in relation to receiving of gifts and the requirement for gifts to be recorded in the Gifts and Benefits Register. Staff involved in the process of procuring goods and services for Council are not permitted to accept gifts or benefits from any current or potential future suppliers, tenderers or contractors.

5.4. Responsible financial management

The principle of responsible financial management is to be applied to all procurement activities. Council funds are to be used efficiently and effectively to procure goods, services and works and every attempt must be made to contain the cost of the procurement process without compromising any of the procurement principles set out in this policy.

5.5. Value for money

Procurement activities are to be carried out on the basis of obtaining value for money.



This means minimising the total cost of ownership over the lifetime of the good or service consistent with acceptable quality, reliability, safety and delivery considerations. Contracts will be sized and packaged with a view to maximising the economies available through the quotation or tender process and ensuring that the process provides real competition.

Walcha Council is committed to ensuring funds are spent effectively and economically by considering Value for Money taking into account both price and non-price factors. Non-price factors may include:

- a) Quality;
- b) Reliability and reputation of supplier;
- c) Availability and delivery time;
- d) After sales service;
- e) Warranty;
- f) Safety;
- g) Trading terms and discounts;
- h) Whole of life cost of the goods and services;
- i) Human health and wellbeing impacts;
- j) Environmental impacts; and
- k) Sustainability principles.

5.6. Sustainability

Where appropriate procurement decisions should incorporate principles of environmental sustainability, such as:

- a) Eliminate inefficiency and unnecessary expenditure;
- b) Minimise waste;
- c) Save water and energy;
- d) Further stimulate the demand for sustainable products; and
- e) Play a leadership role in advancing long term social and environmental sustainability.

6. PROCUREMENT METHODS

6.1. Selecting a Procurement Process

The Project Owner is responsible for initiating the appropriate procurement process based on the approximate value of the contract or goods, works or services required in accordance with Table 1.

The General Manager has discretion to vary the process in writing as required for estimated engagement values of less than \$250,000.

**Table 1: Procurement Requirements**

Estimated Purchase Value (excl. GST)	Procurement Process	Quotation Type
<\$2,000	Purchase Order or Credit Card	No Quote Needed
\$2,000 - \$7,500	One Formal Written Quote	Written Quotation
\$7,501 - \$75,000	Three Formal Quotes	Written Quotations
\$75,001 - \$250,000	Three Formal Quotes or Formal Request for Quotation (RFQ) with Specifications in either an Open or Selective process.	Written Quotations
>\$250,000	NSW Local Government Act (1993) and (General) Regulation (2005) in either an Open or Selective process	Formal Tender Process

6.2. Use of Corporate Card

The use of Corporate Credit Cards is recommended for transactions less than \$2,000. Further details regarding the use of Credit Cards is contained with the separate Council Credit Card Policy.

6.3. Written and Formal Quotations

The assessment of quotations will be objective, consistent, documented, transparent and undertaken in accordance with Council's Procurement Procedures.

Council will only accept one quotation from each supplier, and suppliers will not be given an opportunity to re-quote for the supply of goods and services unless the scope of work changes.

VendorPanel is Council's preferred e-Tendering provider. All requests for quote sent using the VendorPanel platform must prioritise the use of proximity location to Walcha as the method to identify potential suppliers.

6.4. Formal Tendering

All Tenders will be conducted in accordance with Section 55 of The Act and the NSW Office of Local Government Tendering Guidelines.

Whilst a formal tendering process is not required for purchases under \$250,000, a formal tendering process may be utilised for any purchase under this threshold. This is advisable if:

- a) The purchasing amount is close to \$250,000;
- b) The goods or services are of significant public interest;
- c) The purchase may be considered to be controversial or contentious;
- d) The procurement process is complex; or
- e) The expected price of procurement is unknown.



6.5. Purchase Orders

Purchase orders must be generated through the finance system prior to the authorisation of goods, services or works. This includes works that are awarded via a formal tender process.

Where an invoice is received for completed works prior to the generation of a purchase order – the purchase order must still be raised prior to processing of payment, with an explanation provided as to why the purchase order was not raised. Repeated instances of invoices being received with no corresponding purchase order may result in disciplinary action taken against the purchasing officer.

Purchase orders must cover the full value of awarded goods, services or works, or where the full value is not explicitly known (for example a fee-for-service engagement), be sufficient to reasonably cover the anticipated final value. Repeated instances of invoices being received far in excess of the corresponding purchase order may result in disciplinary action taken against the purchasing officer.

Exemptions apply to the requirement to raise a purchase order for petty cash purchases, or purchases made using the corporate credit card within delegation.

6.6. Calculating the Procurement Price Estimate

The procurement price estimate must consider the full engagement. For example, if the engagement is for a resealing of 5 roads over two years then the purchasing amount is the total of the resealing works for the whole two years or period of engagement.

7. EXEMPTION TO DEVIATE FROM PROCUREMENT POLICY

Council recognizes that from time to time there are specific issues that may make it impractical or impossible to always comply with this policy in full.

The following situations may require some flexibility and exemption:

- a) the required goods or services are only available from one source;
- b) the item is a component of equipment in service and obtainable only from the manufacturer of the original equipment;
- c) the item must be compatible with existing equipment for reasons of satisfactory operation; staff training already carried out; prior investment in spares and maintenance facilities; or documentation;
- d) only one supplier has the necessary expertise or facilities for supply of the equipment with backup support and warranty;
- e) a limited increase in quantity is required to an item already being supplied or manufactured;
- f) time and cost of preparing a specification is impractical;



- g) urgency of the requirement precludes normal purchasing action;
- h) banking, financial or legal services;
- i) short term (up to 3 months) consulting projects of a nature that do not lend themselves to obtaining quotations due to access to maximizing suppliers with skills and knowledge; and
- j) an existing supply contract cannot be used for a specific purchase.

Where any of these circumstances exist, the details and justification must be documented and submitted for approval to the General Manager. The record of the justification and approval must be saved on the project file.

8. LOCAL ECONOMIC FOCUS

Council is committed to supporting the local economy and enhancing the capabilities of local business and industry. The objective is to create a framework that ensures Council gives due consideration to the actual and potential benefits to the local economy of sourcing goods and services locally where possible, whilst maintaining a value for money approach at all times. The intention of this policy supports Council's commitment to achieve the best value for money outcome to Council and the Community, while maximizing opportunities for local business to compete for Council business.

Council acknowledges that it has an important role to play in the local economy and is committed to assisting local industry engage in business with Council. To assist local industry and local economic development, Council will ensure that buying practices, procedures and specifications do not disadvantage local suppliers and ensure transparency in quotation, tendering and contract management practices. The following two models have been designed to deliver this.

8.1. Price Preference – Calculated Price Assessment

A calculated preference will be given to Local Suppliers for the purchase of goods and services where the estimated purchase value of \$250,000 or less. Local Suppliers are those based in or operating predominately within the boundaries of Walcha Council Local Government Area.

Freight and establishment costs will be included in the comparison of quotes from suppliers. The preference will be nominally deducted from the local supplier price when evaluating the quotes. It is calculated as a percentage reduction of their submitted cost price. This preference is only applied where the assessment is a 100% price assessment, and there is no non-price criteria applied.

The preference will be calculated using the scale contained in Table 2.



Table 2: Application of Price Preference for Local Suppliers

Purchase Value (excl. GST)	Available Price Preference for Local Suppliers
<\$1,000	No price preference for Local Suppliers
\$1,000 - \$7,500	5% price preference for Local Suppliers
\$7,501 - \$75,000	2% price preference for Local Suppliers
\$75,001 - \$250,000	1% price preference for Local Suppliers

8.2. Non-Price Preference – Demonstrating Strengthening Local Economic Capacity

All Formal Tenders (as defined in section 6.3) must include Strengthening Local Economic Capacity as a mandatory criteria with a 5% overall weighting.

For this assessment, the Walcha Council local area is defined as within the Walcha LGA boundary. Council areas within the Namoi Joint Organisation may also be considered, however these would attract a lower score. The following four (4) criteria must be considered for this category which will be applied to all tenders:

- 1) An existing legitimate business premises in Walcha Council local area;
- 2) Locally sourced materials (grown, manufactured, assembled, made within the Walcha Council local area) specific to the contract;
- 3) Locally sourced labour or services (people located within the Walcha Council local area), either sub-contractors or employees for construction or maintenance activities; and
- 4) Materials from a business premise in the Walcha Council local area.

These factors will be included in tender documents. The 5% weighted criteria for strengthening local economic capacity must be applied to the total tender score and must be calculated against the listed criteria as shown in Table 3.

Table 3: Assessment Scoping Criteria for Strengthening Local Economic Capacity

Number of Criteria Met	Score (% of Total)
0-1 Criteria	0 (0%)
1 Criteria	1.25 (25%)
2 Criteria	2.5 (50%)
3 Criteria	3.75 (75%)
4 Criteria	5 (100%)

8.3. Purchase Value less than \$250,000 with non-price criteria

A Formal Request for Quotation for projects less than \$250,000 can either include both price and non price criteria, or attribute 100% to the price criteria. The 5% criteria for Strengthening Local Economic Capacity (defined in section 8.2) may also be used for



procurement activities less than \$250,000 where a non-price element is being used in the assessment.

9. RECORDS

The Project Owner is responsible for ensuring all documentation and records are saved in CM9 on the project file relative to the procurement activity. This includes but is not limited to:

- a) Request for quotations;
- b) Tendering documents;
- c) Scope of works;
- d) Initial cost estimates;
- e) Email correspondence;
- f) Tender assessment plans, records and reports; and
- g) Any other documentation relative to the scoping, procurement and awarding of contracts.

10. OUR RESPONSIBILITIES

10.1. All Council Staff

Council staff are responsible for:

- a) Ensuring any procurement activities for which the staff member is responsible for are undertaken in accordance with this policy and associated procedures.
- b) Only participating in the tendering process if you have delegated authority to do so.
- c) Reporting any suspected breaches of the policy.

10.2. All Managers and Leaders

All managers and leaders are responsible for:

- a) Setting an example for staff by complying with this policy and associated procedures in relation to all procurement activities; and
- b) Communicating and enforcing the principles of the policy and associated procedures to staff.

10.3. General Manager

The General Manager is responsible for:

- a) leading staff in their understanding of, and compliance with, this policy and associated procedures;
- b) Approving resources to develop, implement and review this Policy and Procedures; and
- c) Reviewing and approving exemptions to deviate from this policy.

10.4. Mayor

The Mayor is responsible for leading Councillors in their understanding of, and compliance



with, this policy and associated procedures.

10.5. Suppliers

All Suppliers are responsible for:

- a) Conducting business with Council in an ethical manner;
- b) Complying with all work health and safety requirements; and
- c) Must not lobby Councillors or staff or seek any favour or advantage during procurement activities.

11. RELATED LEGISLATION, POLICIES AND REVIEW

11.1. Related Legislation and Policies

The following are relative to this policy:

- 1) Formal Quotation and Tendering Procedure (WINT/2020/03663);
- 2) Local Government Act 1993 NSW;
- 3) Local Government (General) Regulations 2005;
- 4) Privacy and Personal Information Protection Act 1998;
- 5) State Records Act 1998;
- 6) Fair Trading Act 1987 (NSW); and
- 7) Competition and Consumer Act 2010.

11.2. Review

Council reserves the right to vary, replace or terminate this policy at any time. This policy will be reviewed every two (2) years or following an ordinary election of Council, or earlier if there are relevant statutory or State Government policy changes.