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1. INTRODUCTION

- 1.1. Council is committed to obtaining the best possible value for public and ratepayer's funds through the implementation and management of an appropriate purchasing system. Based on internal audit recommendations as well as current Federal and NSW government legislation, this policy establishes a framework for the implementation of Council's purchasing arrangements.
- 1.2. Council shall strictly implement its Code of Conduct, Work Health and Safety Act guidelines and other relevant policies on matters relating to its purchasing activities.

2. PURPOSE

- 2.1. The purpose of this policy is to provide clear guiding principles for Council in its procurement of goods and services. The policy sets out the legislative framework within which Council operates. Clear guidelines are also given that outline behaviors expected of Council Officers, suppliers and contractors to ensure best value for money, good management practices, and transparency in tendering decisions and probity.

3. SCOPE

- 3.1. This Policy applies to all procurement and contracting activities undertaken by Moree Plains Shire Council, other than statutory payments or payments for membership of Regional or State organisations and is binding on all Councillors, Council staff, Section 355 committees, suppliers, contractors and consultants and any other external entity overseeing the purchase of goods and services for Council.


4. POLICY STATEMENT

4.1. Responsibilities

- 4.1.1. The Finance Department is responsible for implementing this policy.
- 4.1.2. The Executive Department is responsible for recording and providing approved and drafted policies in an easily accessible register through the use of TRIM and the Intranet.
- 4.1.3. The Executive Department is responsible for making this policy readily available to community members and staff on request and for ensuring that this policy is adhered to in a consistent manner.

4.2. Management

- 4.2.1. This *Procurement Policy* (in conjunction with MPSC's Procurement and Tendering procedures) is intended to provide guidance for Council Staff in their day to day activities in managing purchasing, quotations, tendering, expressions of interest and contract management.

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4.3. Procurement Protocol

4.3.1. Ethics and Probity

Council's procurement activities are to be performed with integrity and in a manner able to withstand the closest possible scrutiny. Council staff are at all times to conduct business that is ethical and of the highest integrity and are required to:


- a) treat potential and existing suppliers with equality and fairness
- b) not seek or receive personal gain
- c) maintain confidentiality of Commercial in Confidence information
- d) present the highest standards of professionalism and probity
- e) deal with suppliers in an honest and impartial manner that does not allow conflicts of interest
- f) provide all suppliers and tenderers with the same information and equal opportunity
- g) be able to account for all decisions and provide feedback on them
- h) not be involved in any activity such as performing work with suppliers, consultants or contractors
- i) ensure adherence to the *Local Government Act 1993*, (Section 55); *Local Government (General) Regulation 2005*, (Part 7); MPSC's Code of Conduct and any other relevant legislation or MPSC Policies and Procedures
- j) not engage in the practice of so-called "order splitting" with suppliers, consultants or contractors.

4.3.2. Governance

- a) Responsible financial management is to be applied to all procurement activities.
- b) Council funds are to be used efficiently and effectively to procure goods, services and works and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this Policy.
- c) Record Keeping - All substantive communications with potential suppliers in respect of tender evaluations and quotations should be in writing or in formal minuted meetings.
- d) Records for all procurement activities must be kept and recorded in the Council record management system.
- e) Lobbying of Councillors and staff by tenderers or their agents is not permitted and shall result in their disqualification from the tender process on that occasion. For the purposes of this clause "lobbying" shall include seeking to influence; seeking to obtain support or assistance; and urging or persuading.

4.4. Financial Delegations for Procurement

4.4.1. Financial delegations define the financial limitations within which specified staff may approve a purchase, quotation and contractual processes. This allows Council to conduct business activities in an efficient and timely manner whilst maintaining transparency and integrity. The General Manger is required to approve all financial delegations to staff and all procurement must be undertaken within these delegations.


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NOTE: See Council’s Financial Delegations Register for further details.

4.5. Categories and Thresholds for Procurement

4.5.1. The minimum levels of procurement thresholds are shown below. This indicates the minimum amounts at which further quotations will be needed.

- a) *Goods and services over \$1,000 and up to \$5,000 in value*
At least one quotation (written or verbal) is required when the goods and services being procured exceed \$1,000 and up to the value of \$5,000 (inclusive of GST). If only one quotation is obtained the responsible officer must ensure the rate being considered is reasonable and consistent with normal market rates for items of a like nature.
- b) *Goods and services over \$5,000 and up to \$15,000 in value*
At least two quotations (written or verbal) are required when the goods and services being procured exceed \$5,000 (inclusive of GST) and up to the value of \$15,000 (inclusive of GST), subject to the rates being considered reasonable and consistent with normal market rates for items of a like nature.
- c) *Goods and services over \$15,000 and up to \$30,000 in value*
At least two written quotations are required when the goods and services being procured exceed \$15,000 (inclusive of GST) and up to the value of \$30,000 (inclusive of GST), subject to the rates being considered reasonable and consistent with normal market rates for items of a like nature.
- d) *Goods and services over \$30,000 and up to \$100,000 in value*
At least three written quotes are required for goods and services being procured when the value exceeds \$30,000 (inclusive of GST), but does not exceed \$100,000 (including GST), subject to the rates being considered reasonable and consistent with normal market rates for items of a like nature.
- e) *Goods and services over \$100,000 and up to \$149,999 in value*
Public quotations are required to be invited for goods and services being procured when the value exceeds \$100,000 (inclusive of GST), but does not exceed \$149,999 (including GST), subject to the rates being considered reasonable and consistent with normal market rates for items of a like nature.
- f) *Goods and services \$150,000 or greater in value*
An open tender process, or a selective tendering process either by which invitations to tender for the proposed contract are made following public advertisement asking for expressions of interest or by which

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recognised contractors listed by council are invited to tender for particular kinds of proposed contracts, in accordance with the *Local Government Act 1993* and the *Local Government (General) Regulation 2005* is required for contracts for goods and services where the value is \$150,000 or greater (inclusive of GST). A full tender documentation and assessment process must be followed strictly in accordance with the above mentioned legislation (unless one or more of the exemptions contained in section 55(3) of the *Local Government Act 1993* are relevantly applicable).

4.6. Purchase Orders

4.6.1. A purchase order is Council's official document to purchase goods or services from an external supplier. The purchase order serves to record the commitment in the financial system and to facilitate payment, including progress payments. A purchase order confirms the contractual arrangement between Council and the supplier and is to be used for procurement of all goods and services other than for:

- a) petty cash purchases
- b) corporate card purchases
- c) utility and freight payments
- d) direct debit arrangements
- e) bank fees, loan repayments and investments

4.7. Corporate Cards

4.7.1. Access to corporate cards is restricted. Council currently utilises the following types of cards:

- Commonwealth Master Card
- Caltex Fuel Cards
- Coles Cards
- Cabcharge Cards
- Prepaid Visa cards (in lieu of petty cash)

The use of these cards assists in achieving efficiencies in the purchasing and payment process and advantages include the prompt payment of suppliers, reduction in paperwork, reduced administrative costs, improved cash management, internal control and audit, and greater convenience

NOTE: See Council's Corporate Card Policy for further details.

4.8. Petty Cash

4.8.1. Petty cash is used to meet the need for the procurement of small incidental goods or services and urgent situations for Council and is limited to \$50 per individual transaction (unless prior approval obtained from the Manager of Financial Services). Splitting of purchases to circumvent the limit or the multiple purchases of the same items over a

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period of time is not permitted. Petty cash claims are to be approved by authorised officers and records of claims and receipts are to be maintained.

4.9. Exceptions and Exclusions

4.9.1. In the interest of maintaining efficiency in the purchasing process there are some instances where the requirements outlined in this policy can be bypassed. These exceptions and exclusions only apply to purchases under \$150,000.


These instances include:

- a) Where there is only one firm or person capable or available to undertake the task. In such circumstances, the arrangement is to be commercially negotiated to achieve best value for money.
- b) Financial Institution fees, loan repayments or investments.
- c) Legal or ongoing consulting and training services as determined by the General Manager in instances where it is necessary for service providers to have an ongoing knowledge of the affairs of Moree Plains Shire Council in order to provide an effective and informed service.
- d) Supply of goods and services under a Government purchasing or contracting agreement under those let by bodies including Regional Organisations of Councils e.g., Northern Inland Regional Waste, Local Government Procurement, Procurement Australia or the NSW State Government.
- e) Where there is a genuine urgent circumstance. For example emergency repairs of Council infrastructure that expose Council to a public, staff or environment safety risk. Council Officers utilising this exemption are to use the Council Preferred Supplier list in selecting a supplier where possible for the goods and services required. Dependent on circumstances, Council Officers are required to obtain verbal confirmation from their Manager or Director where possible seeking an exemption from this Procurement Policy.
- f) Where supply arrangements for small value consumables, with expected annual purchases greater than \$20,000 are documented and signed off by the General Manager

5. BUILDING AND MAINTAINING PROCUREMENT CAPACITY

5.1. Procurement Options

5.1.1. MPSC recognizes that in order to achieve sustainable value, a strategic assessment of the appropriate procurement path must be carried out on an individual purchase / project basis. Participation in regional projects or panels and access to Local Government and State Government panel agreements or other means are to be considered to ensure that

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arrangements deliver the best value outcomes in terms of value for money, sustainability, protection of the environment, corporate social responsibility, Work Health and Safety standards and risk management.

5.1.2. As per Council's Reconciliation Action Plan (RAP) Council will continue to investigate opportunities to increase supplier diversity within Council including becoming a member of Supply Nation and to educate staff about using Aboriginal and Torres Strait Islander business.

5.2. Local Supplier Preference

5.2.1. 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.

NOTE: See Council's Local Preference Policy for further details.

5.3. Continual Improvement

5.3.1. MPSC is committed to continuous improvement with review of the procurement policy and guidelines on a regular basis to ensure Council's standards and processes comply with current legislation and market changes.

6. NON COMPLIANCE

6.1. Non-compliance with this policy may result in disciplinary action and/or dismissal.

7. VARIATION

7.1. Council reserves the right to vary the terms and conditions of this policy, subject to a report to Council. This Policy is automatically amended as a result of any changes to the *Local Government Act 1993*, the *Local Government (General) Regulation 2005*, or other amending legislation, it being noted that the Act and Regulations take precedent over the Council's Policy.

8. DELEGATION

8.1. The General Manager is authorised, pursuant to Section 377 of the *Local Government Act 1993*, to allow a matter that does not conform with a policy to proceed if the General Manager is of the opinion that the variation from the Policy is of a minor nature.

9. RELEVANT LEGISLATION

- 9.1. *Local Government Act (NSW) 1993*
- 9.2. *Local Government (General) Regulation 2005*
- 9.3. *Government Information (Public Access) Act 2009*

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- 9.4. *Trade Practices Act 1974*
- 9.5. *Work Health and Safety Act 2011*
- 9.6. *Work Health and Safety Regulations 2011*

10. REFERENCES

- 10.1. MPSC 2011 Procurement Policy
- 10.2. Manly Council Purchasing and Tendering Policy and Guidelines – P150
- 10.3. MPSC Internal Audit Report -Forsyths - August 2011
- 10.4. Corruption Risks in NSW Government Procurement – ICAC 2011 Report
- 10.5. NSW Procurement Reform – Strategic Directions Statement – Nov 2012.

11. DISPUTE PROCEDURE

- 11.1. In the event of a dispute over any aspect of this policy, immediate action will be taken to resolve the situation through effective and constructive consultation between the parties concerned. If a resolution cannot be reached, the services of a mediator will be requested to finalise the matter to the satisfaction of all parties concerned.

12. REVIEW

- 12.1. This policy is to be reviewed a minimum of 12 months from the date of its original adoption and every 24 months thereafter.
- 12.2. Audits will be conducted by designated members of the Finance Department to ensure compliance with this Policy.

13. LINK TO COMMUNITY STRATEGIC PLAN

- 13.1. The following link this policy to the Moree Plains 2035 Community Strategic Plan:

Coordinated committed leadership

L2. We demonstrate accountability, transparency and ethical conduct

L5. We manage our finances, assets and services effectively

A vibrant regional economy

Ec3. Our Shire supports existing businesses

HISTORY

Original Policy	Procurement Policy (2011)
Policy reviewed and amendments made by: On:	Managers Meeting 6 August 2014
Policy reviewed and amendments made by: On:	Manex January 2015
Adopted by Council on: Resolution No:	9 April 2015 15/04/13

This policy works in conjunction with the following policies:

- MPSC Code of Conduct
- Local Supplier Preference
- Council's Work Health and Safety Policy
- Corporate Card
- Gifts and Benefits

This policy supersedes the following policies:

- MPSC Procurement Policy (2011)

Classification of policy	External
Issue Date:	2011
Review Date:	June 2016

SIGNED BY THE GENERAL MANAGER OF MOREE PLAINS SHIRE COUNCIL,
WHOSE SIGNATURE APPEARS BELOW.



 LESTER RODGERS

29-6-2015

 DATE