



Procurement Policy

Policy Statement

This policy outlines the principles under which Council makes its procurement decisions and conducts its procurement activities.

Related Legislation, Circulars or Guidelines (as amended)

- Local Government Act 1993 No. 30
- Local Government (General) Regulation 2005
- Code of Conduct Policy (amended Feb 2009)
- Tendering Guidelines for NSW Local Councils
- NSW Government Procurement Framework
- Government Information (Public Access) Act 2009 (GIPA) (*commencing 2010*)
- CHCC Internal Contracts policy (adopted Sept 2009)
- CHCC External Contracts policy (adopted June 2009)
- ICAC 'No Excuse for Misuse - preventing the misuse of council resources' (2002)

Does this Document Replace an Existing Policy, Procedure or Plan?

Yes, this document replaces Council's:

- Purchasing Policy (amended March 2006)
- Various draft Purchasing Policies

Related Council Policy or Procedure

- Relevant procurement procedures (to be drafted)

Application and Distribution

It is mandatory for all Council officials to comply with this Policy.

This Policy is available on Council's website under Council Policies, the policy and related procedures are to be available on the staff intranet, and be readily available to all staff required to procure goods on behalf of Council.

Approved by:

Council: 22/4/2010
Resolution No: CB 51

Signature:

General Manager

Effective: 23/4/2010

Review Date: March 2013

Distribution :

Record Number: D/W 2491959

Responsible Council Department/Officer:

Director Corporate Business, Executive Manager Finance.

Version History Table:

Replaces:

Purchasing Policy and Procedures – amended March 2006

Key Responsibilities

<i>Position</i>	<i>Directorate</i>	<i>Responsibility</i>
Mayor	Council	To lead Councillors in their understanding of, and compliance with, this Policy and Procedures.
General Manager	Executive	To lead staff (either directly or through delegated authority) in their understanding of, and compliance with, this Policy and Procedures. To approve resources to develop, implement and review this Policy, Guidelines and Procedures.
Directors	All Directorates	To communicate, implement and comply with this Policy and related Procedures.
Director of Corporate Business	Corporate Business	To ensure (directly or through delegation) the distribution and communication of the Policy and Guidelines to specified persons. To ensure (directly or through delegation) the approved Policy and Procedures are available in hard copy and electronically on Council's intranet.
Executive Manager HR and Organisational Development	Corporate Business	Facilitate the provision of regular training to all Council officials on their role and responsibilities in relation to this Policy, Guidelines and related procedures.
Executive Manager Finance	Corporate Business	To implement this Policy, Guidelines and related procedures. To lead staff in their understanding of, and compliance with, this Policy and Procedures
All Council officials	Council	To comply with this Policy, Guidelines and related procedures.

Procurement Policy

1. Introduction

The intent of this policy is to State the requirements for a uniform approach to procurement of goods and services thus ensuring best value for money, good management practices, legislative compliance, transparency, probity and environmental responsibility.

This document sets out the Council's policy with respect to tendering, contracting and procurement including:

1. The contracting out of services
2. Purchasing, and
3. Competitive tendering

to ensure that goods are acquired and services are delivered cost effectively.

Council is committed to ensuring a fair, transparent and accountable process.

2. Definitions *(Italics, Macquarie Dictionary Definition)*

Client: *Customer, someone under the patronage of another.*

Council: Coffs Harbour City Council.

Fair: *Free from bias, dishonesty, or injustice.*

Procurement: *Procure: to obtain or get by care, effort, or the use of special means.*

Purchasing: *To get by the payment of money, buy.*

Quotation: *The statement of the current or market price of a commodity or security.*

Service Provider: *An entity that provides services to other entities.*

Tender: *An offer made in writing by one party to another to carry out certain work, supply certain goods, etc, at a given cost.*

Tenderer: *An entity who places a tender.*

For the purpose of simplicity the terms **purchasing**, **buying** and **procurement** are taken to be synonymous.

3. Objectives

The objective of Council's Procurement Policy is to ensure all purchasing and contracting activities are:

- Legal
- Accountable and auditable
- Deliver value for money
- Ethically and environmentally responsible
- Appropriately manage risk
- Open to continuous improvement and development

4. Policy Statement

Council's Procurement Policy and associated Procedures and Guidelines must have regard to the following principles:

Legal

Council must not engage in any practices that aim to give a potential tenderer, service provider or business an advantage over others, nor engage in any form of collusive practice. A Councillor or Council employee with an actual or perceived conflict of interest must address that interest without delay in accordance with Council's Code of Conduct.

Accountable, Transparent and Auditable

All documentation relating to procurement shall comply with Council's record keeping procedures to ensure transparency in processes. Council will ensure that the process of awarding contracts is open, clear, fully documented and defensible. Impartiality should be maintained at all times.

Economically Effective

Value for the community is the core principle underpinning Council's procurement system. This will involve a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle. Value for money is not restricted to price alone. When assessing value for money, consideration shall also be given to:

- The advancement of Council and Local Government priorities
- The non-cost factors such as fitness for purpose, quality, service and support, and sustainability considerations
- The cost related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal.

Ethically and Environmentally Responsible

Council will, when evaluating quotations or tenders, take into consideration the anticipated impact on the environment and show such consideration in their evaluation documentation. This may be achieved by procuring goods and services that will minimise their impact on the environment, including goods constructed from recycled or re-used products.

Risk Management

Council will implement systems within its procurement process to identify and manage risks, including, but not limited to Health and Safety risks, fraud prevention and legal compliance.

Open to Continuous Improvement and Development

Council will adopt best practice recommendations and benchmark against other industry members.

4.1 Procurement Methods and Monetary Limits

Council may purchase goods and services in the following manner:

- Direct sourcing and purchasing from a particular supplier
- Obtaining quotations, either written or verbal from suppliers
- Calling for open tenders
- Government Contracts

Expenditure Amount	Method	Tender Box
Up to \$5,499 (GST Incl)	Quotations not required	No
\$5,500 - \$16,499 (GST Incl)	Minimum of three (3) written or verbal quotations	No
\$16,500 to \$82,499 (GST Incl)	three (3) written quotations	No
\$82,499 to \$149,999 (GST Incl)	Minimum of three (3) quotations in writing. A formalised Request for Quotation (RFQ) may be implemented if deemed appropriate by relevant Manager or Director	Optional
\$150,000 & Over (GST Incl)	Full tendering procedure	Yes

On rare occasions a competitive quote will not be possible due to extenuating circumstances, a remoteness of locality, or the unavailability of competitive or reliable providers/suppliers.

Approval in this circumstance is at the following level:

- \$5,500 - \$16,499 - Manager
- \$16,500 - \$82,499 - Director
- \$82,499 - \$149,999 - General Manager
- >\$150,000 - Council resolution.

4.2 Responsiveness and Accountability

This policy reinforces the obligations of Council officers to manage their procurement efficiently, effectively and economically, and to be accountable for public resources, all in line with their relevant delegations.

4.3 Privacy and Confidentiality

The principles of Council's Privacy Management Plan will be applied.

4.4 Integrity, Dignity and Respect

- Council treats all persons with courtesy and respect.
- Council officials will demonstrate fair and consistent decision-making, ensuring probity at all times.