

Procurement Policy

1 Purpose

The purpose of this policy is to provide the principles under which Council makes its procurement decisions and conducts its procurement activities.

2 Policy

2.1 Procurement Objectives

The following objectives apply to all procurement activities under this policy. Purchases are to be:

- a) Lawful
- b) Fair
- c) Transparent
- d) Auditable
- e) Able to deliver value for money
- f) Ethical and environmentally sustainable including encouraging the use of wood
- g) Appropriately risk managed and
- h) Open to continuous improvement and development

2.2 Minimum requirements table

The following table outlines the minimum requirements for the procuring of a good or service for Council in each value range:

Expenditure amount including GST	Minimum quotation requirements	
	Preferred supplier (pre-qualified for minor works)	Non-preferred supplier
Up to \$5,000	Quotations not required	
\$5,001-\$10,000	Quotations not required	Two (2) documented written quotations
\$10,001-\$100,000	Three (3) documented written quotations	
\$100,001-\$249,999	A formal Request for Quotation (RFQ) or three (3) documented written quotations	
\$250,000 and above*	Formal request for tender (RFT) in accordance with the requirements of section 55 of the Local Government Act 1993 and Part 7 of the Local Government (General) Regulations 2005.	

*Note: A RFT is required for contracts \$150,000 and above involving the provision of services where those services are, at the time of entering the contract, are being provided by council employees.

2.3 Contract length and determination of expenditure amount

The aggregated or cumulative cost of a contract is to be used in determining the relevant expenditure amount above even if the contract runs over more than one accounting period. Orders should not be split to avoid the need for tenders or quotations or to allow a transaction to be approved by someone with a lesser financial delegation.

2.4 Preferred suppliers

Council will invite expressions of interest through public advertisement for suppliers to be established as preferred suppliers for goods and services frequently used by Council.

2.5 Procurement Methods

Council will make its purchases using the following methods:

1. Direct sourcing and purchasing from a preferred supplier where applicable
2. Obtaining written quotations or a formal Request for Quotation (RFQ) from a preferred supplier where applicable
3. Utilising contractual arrangements in place from Regional, State and Federal government agencies
4. Tendering in accordance with section 55 of the Local Government Act 1993.

Council will have scoring and other processes in place for the application of these procurement methods. These will be included in Council's Procurement Manual.

2.6 Ethical and environmental sustainability including encouragement of the use of wood

Ethical and environmental sustainability includes:

1. The use of reuse, renewable or recoverable resources
2. The minimisation of packaging
3. The minimisation of harm to the environment and
4. Purchasing from suppliers whose operations are lawful and open to scrutiny as to their environmental credentials.

Within the context of achieving value for money wood products are to be used that stimulate sustainable economic development of the North Coast timber and wood products industry and encourage value adding products within the timber industry. Where possible locally sourced wood products will be used.

2.7 Tenders - Canvassing of Councillors and staff

Under no circumstances is a tenderer to directly or indirectly approach any party at any time during the calling or evaluation of tenders for the purpose of canvassing favourable treatment or for the purpose of offering inducements that may influence the evaluation of the tender. Canvassing will result in disqualification of the tender from consideration. Wording to this effect is to be included in all Council's standard form Conditions of Tendering as part of the Request for Tender (RFT) documentation.

2.8 Use of non-preferred suppliers

Non-preferred suppliers must meet Council's minimum requirements in respect of warranties, contractual arrangements, legal entity status, insurances/licences and level of risk before engagement.

2.9 Conflict of interest

Any Council official who has a conflict of interest in their role as a delegated procurement officer under this policy must manage the conflict in accordance with the requirements of Council's Code of Conduct Policy.

2.10 Exceptional circumstances

On occasions a competitive quotation will not be possible or practical due to exceptional circumstances in which case quotations will not proceed. Where the exceptional circumstances

provision is being enacted the delegated council officer must obtain documented approval for the procurement to continue. Approval is to be obtained from:

1. Group Leader and above

In respect of tenders s55(3) of the Local Government Act 1993 applies which provides for extenuating circumstances and emergency works.

2.11 Acceptance of tenders

In addition to the requirements outlined in this policy the terms of the Tenders Acceptance Policy apply in respect of the acceptance of all Requests for Tender (RFT).

3 Definitions

Canvass: To solicit votes, opinions, subscriptions for a particular product or service, credit etc.

Auditable: Documented clearly and in sufficient detail as to be able to be independently reviewed.

Conflict of Interest: As defined in Council's Code of Conduct Policy

Contract: A voluntary, deliberate, and legally binding agreement between two or more competent parties.

Council: Coffs Harbour City Council (CHCC)

Documented quotation: A submission from a supplier that specifies the cost of supplying goods or services, or a record of a published price from a supplier's website, online customer portal or catalogue.

Exceptional or extenuating circumstances: Situations including, but not limited to, the unavailability of competitive or reliable quotes and the conduct of emergency works.

Fair: Being unbiased, reasonable and even-handed. Being fair does not mean satisfying everyone or not reasonably pursuing one's legitimate interests. A fair decision may still adversely affect parties.

Formal Request for Quotation (RFQ): A written specification for publicly advertised works, goods or services. The Formal Request for Quotation seeks written quotations to be lodged through the tender portal or box.

Lawful: Complying with all applicable laws.

Local Business Address: The address for a business or person, corporation or owner of a Registered Business Name that is located, continuously operated and permanently staffed within the Coffs Harbour Local Government Area (LGA). The person, corporation or owner of the Registered Business Name must produce evidence to the Council's satisfaction that it has continually operated within the Coffs Harbour LGA for a period of at least 12 months prior to quotations being sought.

Local Content: Goods and Services procured from a local supplier within the LGA.

Non-preferred suppliers: Suppliers not pre-qualified as preferred suppliers by Council for the supply of goods and services.

Preferred Suppliers: Suitably qualified suppliers that have been pre-qualified to supply goods and services to Council.

Procurement: Often used interchangeably with the terms purchasing or buying. Procurement is the totality of acquisition starting from the identification of a requirement to the disposal of that requirement at the end of its life. It therefore includes pre-contract activities (for example sourcing) and post contract activities (for example contract management and supplier relationship management activities). Procurement generally relates to goods, works and services requirements. Acquisition may be outright or by lease.

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

Quotation: A written offer to provide goods, works or services.

Risk management/risk managed: As defined in Council’s Risk Management Policy (POL-058).

Tender: An offer received in writing in response to an invitation to Tender and in accordance with the provisions prescribed by Part 7 of the Local Government (general) Regulation 2005, to provide goods, works or services for a price.

Transparent: Impartial, open to scrutiny, full documented and defensible.

Value for Money: Ensuring the purchase provides the best possible outcome for Council taking into consideration price, Council priorities, fitness for purpose, quality, service and support, sustainability, whole-of-life costs including acquisition, maintenance and future disposal costs and any other relevant considerations.

4 Key Responsibilities

Position	Directorate	Responsibility
Mayor	Council	To lead councillors in their understanding of, and compliance with, this policy and related procedures.
General Manager	Executive	To lead staff (either directly or through delegated authority) in their understanding of, and compliance with, this policy and related procedures. To approve resources to develop, implement and review this policy and related procedures.
Directors	All Directorates	To communicate, implement and comply with this policy and related procedures.
Group Leader, Financial Services & Logistics	Business Services	To implement this policy and related procedures.
All Council officials	Council	To comply with this policy and related procedures.

5 References

- Local Government Act 1993
- Local Government (General) Regulation 2005
- Independent Commission Against Corruption Act 1988 (ICAC)
- ICAC: Corruption risks in NSW public sector procurement - consultation paper (July 2010)
- ICAC: Corruption risks in NSW public sector procurement - the Management Challenge (Dec 2011)
- Office of Local Government: Tendering Guidelines for NSW Local Government (Oct 2009)
- Office of Local Government: Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW (Mar 2013)
- Code of Conduct Policy (POL-031)

6 Details of Approval and revision

- **Approval date:** 12/10/2017
- **Responsible Section:** Financial Planning
- **Superseded policies/procedures:** Tenders - Canvassing of Councillors & Senior Staff Policy
- **Next review date:** 12/10/2021

Table of amendments

Amendment	Authoriser	Approval ref	Date
<p>Increased the contract value requiring Council to conduct a formal RFT from \$150,000 to \$250,000 in line with an amendment to section 55(3) of the Local Government Act 1993.</p> <p>Also replaced dot points with numbers.</p>	NSW Government	Circular No 19-14/10 July 2019	25/06/2019