

# PROCUREMENT POLICY

**Responsible Department:** Financial Services  
**Responsible Section:** Financial Services  
**Responsible Officer:** Chief Financial Reporting

## Objective

This policy aims to ensure that procurement within Council complies with the following principles:

- Ethical and legal Behaviour
- Responsible financial management
- Value for Money;
- Quality Assurance;
- Sustainability;
- Use of local providers and content

## Introduction

Procurement spans all aspects of Narrabri Shire Council’s operations. It is both a legal requirement and good practice for Councils to have a policy in place that sets out the framework under which Council Officials engage in procurement.

## Policy

### 1. Definitions

Term	Meaning
<b>Delegation</b>	The delegation of a function or authority by one entity or person to another in accordance with law or their own delegation
<b>Procurement</b>	The acquisition of property, products, or services

### 2. Application

- 2.1. This Policy applies to all persons engaged in procurement activities within Council.
- 2.2. This Policy applies to all procurement processes and activities undertaken by Council.

### 3. Procurement in Council

#### Authority to Procure

- 3.1. The Council will set the terms and limit of the General Manager's procurement authority.
- 3.2. The General Manager may determine procurement limits of staff when delegating functions to staff.
- 3.3. People within Council will have authority to authorise procurement as set out in their delegations.
- 3.4. Procurements are not to be split into smaller portions as a means of avoiding the provisions of 3.2 or 3.3 above.
- 3.5. People without delegation to procure, do not have authority to authorise procurement.
- 3.6. Authorisation of payment should be made by the same person who approved the expenditure.

#### Procurement Generally

- 3.7. Procurement must be carried out in accordance with this policy and any applicable operational protocol or procedure.
- 3.8. Procurement must take into account the procurement principles set out in this policy.
- 3.9. The General Manager shall ensure that:
  - (a) Purchases comply with this policy and any protocol or procedure issued under it;
  - (b) The intended purchase is not a stock item in the Council's stores;
  - (c) Purchases up to \$50 within the LGA use the suppliers' monthly order number;
  - (d) The item purchased is not under a Council contract;
  - (e) The approving person has the appropriate delegation;
  - (f) Staff are adequately trained to comply with this policy.

### 4. Centralised Purchasing

- 4.1. Council has a centralised purchasing system for some procurement.
- 4.2. The General Manager or delegate will develop, maintain, and implement the centralised purchasing system.
- 4.3. The centralised purchasing system covers:
  - (a) Stores
    - (i) Tools;
    - (ii) Water/sewer items;
    - (iii) Signage (except banners);
    - (iv) Protective personal equipment;
    - (v) Safety equipment;
    - (vi) First aid supplies;
    - (vii) Chemicals and pesticides;
  - (b) Fleet
    - (i) Motor vehicles;
    - (ii) Movable plant;
    - (iii) Vehicle and plant parts/accessories
  - (c) Information Technology
    - (i) Phone services
    - (ii) Mobile phones
    - (iii) Computer and other technology equipment
- 4.4. Council will, where reasonably practicable, utilise its central purchasing system for procurement of items within the above areas.

## 5. Tender Panels

- 5.1. The General Manager may establish panels to consider tenders in accordance with Council's operational protocols and procedures.
- 5.2. The General Manager is to ensure that members of tender panels comply with this policy and are free of conflicts of interest.

## 6. Local Government Group Tender Panels

- 6.1. Narrabri Shire Council will participate in local government group tender panels, when advantageous to do so.
- 6.2. Council will work with other local government entities to obtain the most beneficial outcome for Council and the group, where appropriate.

## 7. Council Tender Submissions

- 7.1. Council may submit a competitive tender for works advertised by Council.
- 7.2. Any tender submitted by Council must meet all the conditions of this policy.
- 7.3. Any tender submitted by Council for Council works must be considered under the terms and conditions of this policy.
- 7.4. Any staff member involved in the preparation of any tender submitted for consideration by the tender panel may not be a member of the tender panel that considers the aforementioned tender submission.

## 8. Audit

- 8.1. Council will, from time to time, audit procurement.
- 8.2. Audits will examine:
  - (a) Adherence to delegated levels of authority;
  - (b) Adherence to purchasing limit requirements;
  - (c) Adherence to centralised purchasing provisions;
  - (d) Adherence to purchasing card provisions;
  - (e) Variations between ordered values and payment values;
  - (f) Committal of orders and contracts;
  - (g) Any other areas deemed necessary.

## 9. Exclusions

- 9.1. The following are excluded from this policy:
  - (a) Financial Institution fees;
  - (b) Placement of Investments;
  - (c) Regular supplies of utility services but not the provision of new or changed service contracts;
  - (d) Legal services 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 Narrabri Shire Council in order to provide an effective and informed service;
  - (e) Supply of goods and services under a Government purchasing or contracting agreement for example Local Government Procurement Contracts;
  - (f) Emergency repairs of Council infrastructure that expose Council to a public, staff or environment safety risk. Council Officers utilising the emergency exemption are to use the Council Preferred Supplier list in selecting a supplier where possible for the goods and services required. Dependant on circumstances, Council Officers are required to obtain verbal confirmation from their Manager or Director where possible seeking an exemption from this Procurement Policy.

## 10. Procurement Principles

10.1. Procurement decisions are to be made on the basis of the following principles:

- (a) Ethical and legal behaviour;
- (b) Responsible financial management;
- (c) Value for money;
- (d) Quality assurance;
- (e) Sustainability;
- (f) Support for local suppliers/providers

### **Ethical and Legal Behaviour**

10.2. The following principles apply to all procurement:

- (a) Legislation: All procurement must comply with relevant legal obligations.
- (b) Modern-Slavery Avoidance: All procurement must be conducted in accordance with the provisions of the *Modern Slavery Act 2018* (NSW) and other applicable legislation relating to modern slavery. In short, Council must avoid procurement of products that are the result of modern slavery.
- (c) Honesty and fairness: All procurement must be conducted honestly, fairly, with probity, while maintaining the confidentiality of confidential information.
- (d) Accountability and transparency: All procurement must be undertaken through a process that is open, clear, and documented
- (e) Consistency: all procurement must be conducted in a way that maintains consistency between acquisitions and within acquisitions.
- (f) Competitive: procurement processes should be competitive and not collusive.
- (g) Objective: procurement processes must be conducted impartially and objectively, without giving favour.

10.3. All persons involved in procurement processes must manage all real or perceived conflicts of interest in accordance with Council's Code of Conduct.

### **Responsible financial management**

10.4. Council's funds are to be used efficiently and effectively to procure goods, services, and works within the budgets allocated.

### **Value for Money**

10.5. Value for money involves Council receiving the most suitable product for the most suitable whole-of-life cost.

10.6. Value for money does not involve simply considering the cost of the product or service.

10.7. Value for money takes into account the following considerations:

- (a) Initial cost;
- (b) Service life cost;
- (c) Quality and reliability of product and supplier;
- (d) Availability of service/maintenance/parts;
- (e) Service levels;
- (f) Job creation potential;
- (g) Delivery time;
- (h) Social effect;
- (i) Safety;
- (j) Environmental effect of procurement, use, and disposal; and
- (k) Retention of value on disposal.

### **Quality Assurance**

10.8. Quality assurance under the relevant Australian Standard, International Standard, or other Standard will be a consideration in procurement.

## Sustainability

10.9. Sustainability in procurement has two facets: financial and environmental.

### Financial Sustainability

10.10. Council seeks to promote financially sustainable procurement that:

- (a) eliminate unnecessary inefficiency, waste and expenditure;
- (b) contribute to the combined purchasing power of local government to further stimulate demand for sustainable products;
- (c) advance sustainability by participating in "closing the life-cycle loop";
- (d) increase awareness about the range and quality of products available;
- (e) deliver council's commitments in relation to ecologically sustainable development (ESD) and other environmental and social objectives;
- (f) play a leadership role in advancing long term social and environmental sustainability;
- (g) support local businesses and organisations.

### Environmental Sustainability

10.11. Wherever practical Narrabri Shire Council will pursue the following goals and adhere to the specified objectives when purchasing products and services:

- (a) **Minimise Unnecessary Purchasing** - only purchase when a product or service is necessary;
- (b) **Minimise Waste** - purchase in accordance with avoid, reduce, reuse and recycle strategies;
- (c) **Save Water and Energy** – purchase products that save energy and/or water;
- (d) **Minimise Pollution** – avoid purchasing products that pollute soils, air or waterways;
- (e) **Non-Toxic** – avoid purchasing hazardous chemicals that may be harmful to human health or ecosystems;
- (f) **Emissions Reduction** – purchase products that reduce or eliminate greenhouse gas emissions;
- (g) **Sustainably and ethically sourced**- purchase products that have production chains that are wholly or partially environmentally and socially sustainable and ethical.
- (h) **Biodiversity & Habitat Protection** – purchase in accordance with biodiversity and conservation objectives;

### Local Content

10.12. Narrabri Shire Council has the aim of encouraging the development and promotion of business and industry within the Shire boundaries and in doing so will assist in creating growth of such business or industry.

10.13. Every effort should be made to ensure locally based organisations are given an opportunity to participate in the quotation or tender process in accordance with the NSW State Government Purchasing Policy.

10.14. For all purchases above \$75,000 (inc GST) the decision to purchase will be based on a number of criteria. When determining the ranking score of the "price criteria" for local suppliers, the submitted "lump sum" price is to be reduced by 5% (up to \$20,000).

10.15. In order to be considered a Local Supplier, an entity must:

- (a) Operating in the Narrabri LGA;
- (b) Based or headquartered in the Narrabri LGA; and
- (c) Controlled by a resident of the Narrabri LGA;

10.16. In order for a person conducting business to be considered a Local Supplier, they must:

- (a) Operate their business in the Narrabri LGA;
- (b) Base their business in the Narrabri LGA; and
- (c) Reside in the Narrabri LGA.

10.17. In order to be considered a Local Supplier, an entity must prove they are by submitting a Local Supplier Application Form.

10.18. The General Manager or their delegate will consider the content of the form and determine whether the entity or person is a local supplier.

10.19. Local Supplier status will only last twelve months. Local suppliers must re-apply for Local Supplier status at least once every twelve months.

## 11. Review

11.1. This policy will be reviewed within 12 months of an Ordinary Council Election or such other time on an as-needs basis.

## References

- *Local Government Act 1993* (NSW)
- *Local Government (General) Regulation 2021* (NSW).
- *Modern Slavery Act 2018* (NSW)

## History

Minute Number	Meeting Date	Description of Change
812/2006	November 21, 2006	Adopted
568/2009	August 18, 2009	Reviewed
26/2012	February 21, 2012	Reviewed
210/2013	April 2, 2013	Reviewed
812/2006	November 21, 2006	Adopted
782/2014	December 16, 2014	Adopted
164/2017	August 15, 2017	Reviewed
	September 1, 2021	Rebranded
336/2022	October 18, 2022	Endorsed for Public Exhibition
362/2022	November 22, 2022	Adopted