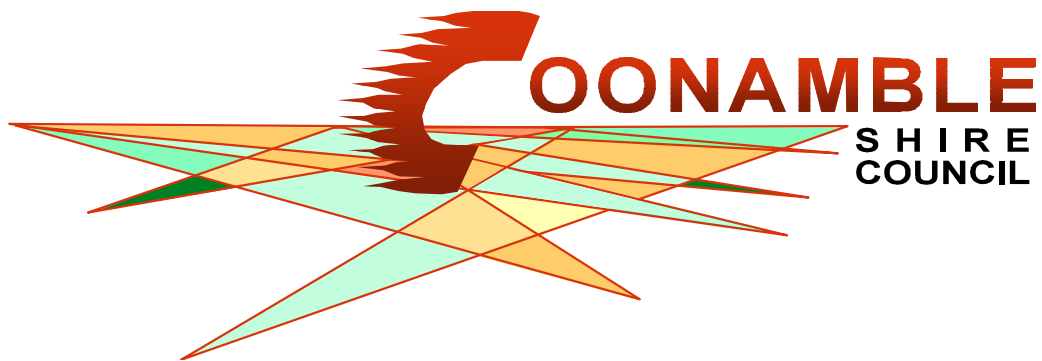


COONAMBLE SHIRE COUNCIL



DRAFT PROCUREMENT POLICY

OBJECTIVES

- Ensure all purchasing activities have a clear and logical audit trail and there is a coordinated approach to purchasing procedures.
- Assist Council in achieving the best value for money and purchasing conditions.
- Promote open and fair competition

STATEMENT OF BUSINESS ETHICS

Business dealings between Coonamble Shire Council and the private sector are becoming more extensive and often raise sensitive ethical questions. For this reason, Coonamble Shire Council has developed these guidelines for behaviour appropriate to business dealings within Council.

This statement provides for external organisations, service providers, small businesses and individuals to adopt standards of ethical behaviour that meet Council's requirements. It also outlines guidelines for staff so you know what to expect from Council when conducting business with us.

General Principles

Coonamble Shire Council expects all its representatives, staff and Councillors to behave ethically and to abide by a written Code of Conduct. The Council also expects private industry and its representatives to maintain similar standards of ethical conduct in their dealings with Council.

There are two main principles that form the basis of Coonamble Shire Council's business.

Firstly, there is the need to get the best possible value for public money. Secondly, Council needs to demonstrate impartiality and fairness at all stages of the process.

These principles enable suppliers to promote their interests productively and avoid potentially questionable activity. Those providing goods and services also benefit from the assurance that their competitors are required to behave in accordance with the same guidelines.

Coonamble Shire Council expects staff and Councillors to:

- Respect and follow Council's policies and procedures;
- Treat all tenderers for the supply of goods and services equitably;
- Promote fair and open competition while seeking best value for money;
- Protect confidential information;
- Meet or exceed public interest and accountability standards;
- Avoid situations where private interest could conflict with public duty;

- Never solicit or accept remuneration, gifts or other benefits from a supplier for the discharge of official duties;
- Respond promptly to reasonable requests for advice and information.

Council expects tenderers, suppliers, consultants and contractors to:

- Respect the conditions set out in documents supplied by Council
- Respect the obligation of Council staff to abide by Council's procurement policy
- Abstain from collusive practices
- Prevent unauthorised release of privileged information, including confidential Council information
- Refrain from offering Council employees or Councillors any financial or other inducement which may give any impression of unfair advantage

• **LEGAL REQUIREMENTS**

Ensure that Council at all times complies with the following legislation and guidelines

- Local Government Act 1993
- Local Government Regulation 2005.
- Occupational Health and Safety Act 2000.
- Government Information (Public Access) Act 2009.
- Trade Practices Act 1974(Cth).
- Tendering Guidelines for NSW Local Government, NSW Division of Local Government, October 2009.
- NSW Government Code of Practice for Procurement, January 2005

• **DELEGATION OF AUTHORITY**

The General Manager, Director of Corporate Services and Director of Engineering Services have authority to approve the purchase of all materials and services in accordance with the adopted Management Plan and any policies of Council.

NOTE: Refer to Appendix 1 for a list of staff with the delegated authority to sign purchase orders for budgeted items.

- **GUIDELINES**

Getting value for money means ensuring that benefits are commensurate with cost. The least cost choice should not be followed automatically if there is clear and reasoned justification for not doing so.

Although price is important, other factors play an important role in the selection of goods and services. These include:-

- Quality
- Relevant Experience
- Continuity of Supply
- Ability to meet Council's needs
- Reliability
- Performance History
- Reasonable access to maintenance and service facilities

PROCEDURES

- Requisitions

A requisition needs to be completed for all items whether from stores or external suppliers, it must provide descriptions, quantities, price and correct account/job number. The purpose of the requisition is to provide an audit trail identifying the individual who requested the purchasing officer to order and/or distribute goods. Requisitions can be completed and authorised by team leaders and above.

Requisitions are to be provided to the store and the requisition number must be included on the order.

- Orders

It is imperative that a purchase order is raised for any service provided by an external supplier of goods and services. It must provide descriptions, quantities, price and correct account/job number.

Purchases should not be raised against job numbers that are allocated to another purpose. If funds are exhausted in the required job number but are available elsewhere in the division's budget, permission to have the available monies re-located to the appropriate job number must be sought from the Division Manager. Failure to do so corrupts the true cost for future estimates.

All orders must contain correct and complete supplier details. They must be completed by the originator and authorised by an officer with delegated authority.

- Contracts register

Registers will be maintained to record details of all Council contracts/transactions for the purchase of goods and services above the value of \$150,000. It is the responsibility of the person authorising the payments to advise the "Administration Officer – Creditors" of the total estimated value of the transactions so that the "Administration Officer – Creditors" is able to maintain the appropriate register up to date and advise the person authorising payments of any problems/issues.

- Purchases

Minor Quotes \$1,000-\$10,000

1. Please refer to the "Preferred Suppliers" section (□) of this document for details of the local purchase policy.
2. A minimum of two but preferably three written quotations should be obtained.
3. Manager/Supervisor approves and signs order.

Major Quotations or Regional/Selective Tenders \$50,000-\$150,000

1. Formal public request for quotations with minimum of 3 written quotes or regional/selective tenders are called for.
2. Prices to be valid for a minimum of one (1) month.
3. Suppliers are to be made aware of Council's Statement of Business Ethics, in writing, at the time of calling for quotations/tenders.
4. Manager approves and signs order.

Minor Purchases up to \$1,000

1. Please refer to the "Preferred Suppliers" section (□) of this document for details of the local purchase policy.
2. Formal quotes are not required. However, where feasible, a written quote should be obtained, or, if not available, details of a verbal quote are to be recorded and included in the Purchase Order.
3. Managers regularly purchasing the same minor items below the \$1,000 threshold, from the same supplier (that is 12 times per annum, or goods with a total value of \$5,000 per annum) must annually test the market by checking with other suppliers to ensure they are obtaining competitive rates.
4. This review should include invitations for three written quotes for a random selection of regular purchases.

Major Purchases Quotations \$10,000-\$50,000

1. Formal request for quotations with minimum of 3 written quotes valid for at least 1 month.

Public Tenders in Excess of \$150,000

1. Tender is drawn up and public tenders are called for in accordance with the Tendering Regulations and s.55 of the Local Government Act. Suppliers are to be made aware of Council's Statement of Business Ethics, in writing, at the time of calling for tenders.
2. Report to Council for approval. Council/General Manager signs contract and orders.

Tenders

Competition between suppliers is generally thought to promote value for money.

Council will seek tenders where required by the Act and when deemed appropriate by the General Manager. The tendering process will follow the guideline document produced by the DLG called "*Tendering Guidelines for NSW Local Government, October 2009*". Particular attention will be paid to the process checklist included in the guidelines.

Clause 166 of the Regulation identifies the types of tendering methods available to Council. Council must decide by resolution whether it is going to use an open or selective tendering process.

▪ ***Tender Documentation***

Whether open tenders are invited or tenders are invited from a selected list from a call for expression of interest, the following sections will appear in the overall tender document:

- Advertisement
- Information for tenders
- Conditions of tender
- General Conditions of Contract
- Job Specific Requirements (or services to be provided)
- Specifications
- Tender Schedules:
 - Pricing Schedule
 - Schedule of Insurances
 - Project Schedules
 - Consultants / Contractors Resources

The following templates have been developed to assist staff in the tendering process and preparation of tender documentation. The templates are available on Council's intranet.

- Example Advertisement
- Information for Tenderers
- Include Selection Criteria
- Condition of Tendering
- Relevant Conditions of Contract.

▪ ***Non Refundable Fee for Tender Documents***

The cost of producing a set of tender documentation and advertising a tender will be recovered by the imposition of a nominal fee. The fee will be set by the relevant Officer to recover the expected costs. The fee will be included in the advertisement and will be non refundable.

▪ ***Consideration of Tender Information in Closed Council***

In accordance with Section 10A, if tender information being considered by Council will either prejudice the commercial position of a tender or confer a commercial advantage on a competitor or reveal a trade secret, Council is obligated to consider the matter in closed council.

▪ ***Invitation to Tender to recognised Contractors on Council's List***

From the Guidelines, 'Clause 169 of the Regulation allows Council to establish a list of contractors who are interested in tendering for proposed contracts of a special kind'.

‘Selective tender lists of recognised contractors are established where there is a continuing workload in a particular category of work and this workload justifies the cost of setting up and maintaining the list’ (p36 *DLG Tendering Guidelines*).

Currently, Coonamble Shire Council prepares a list of earthmoving contractors and truck contractors for provision of services to Council. It is expected that in due course other kinds of lists, such as trade services, will be developed.

‘Overall management of the selective tender list system should be designed to give a fair distribution of opportunities to all recognised contractors over time. However, the contractor’s past performance is a prime consideration. Other factors that may be taken into account include the location of the work, special requirements of the work, skill level of the contractor and commitments of the contractor’ (p36 *DLG Tendering Guidelines*).

▪ ***Tender by a Regional Procurement Company***

Council may from time to time become a member of one or more procurement companies. The purpose of membership is to join with other councils for procurement to attract price savings for a particular product or service.

The procurement company undertakes the administrative process associated with tendering and Council has the opportunity to procure products and services at the tendered price. However, being a member does not allow Council to delegate its responsibility for determining the outcome of a tender process. That is, Council by resolution is required to formally accept or reject a particular tender proposal by the procurement company.

▪ ***State Government Procurement Contract***

Council is able to access products and services through providers that are recognised by the State Contracts Control Board and the Commonwealth Department of Administrative Services.

“State Contracts are the principal method of purchasing for Government agencies across New South Wales. Over 100 State Contracts have been approved under the authority of the State Contracts Control Board (SCCB). A complete list and information about all NSW Government State Contracts can be found on the NSW Procurement sister website www.nswbuy.com.au” (website – www.nswprocurement.com.au).

▪ **Prescribed Organisations**

Local Government Procurement Partnership is a prescribed provider pursuant to clause 163 of the Regulation.

▪ **Evaluation Criteria**

Value for money assessment of tenders and relevant quotations will be based on set performance criteria as well as price. The criteria must be included with documentation made available to potential service providers. The relevant Council officer will establish the criteria and weight them accordingly, however the list of criteria included in the following table must be included as a minimum. The weighting attached to each criterion will not be made known to potential service providers. A score will be given by the assessment panel against each criterion and when the score and weighting are multiplied out an overall assessment score will be determined.

The evaluation criteria used to assess tenders and relevant quotations must include 'local benefit' criteria as indicated in the following table. Local benefit criteria will have a maximum weighting of 10% of the total evaluation criteria.

Minimum List of Performance Criteria for Assessment of Tenders and Relevant Quotations

Assessment Criteria	Weighting	Score	Assessment Score
Track record in completion of similar projects			
Suitability of proposed personnel, plant, equipment and sub contractors			
Suitability of proposed works methodology			
Details and logic of the proposed method of works			
Local Benefit (<i>maximum weighting 10 points out of 100</i>)			
Locally sourced materials (grown, manufactured, assembled, made within the Coonamble Shire LGA) specific to the contract			
Locally sourced labour (actual / potential as a result of the contract)			
Locally sourced services (eg fuel, accommodation) as a result of the contract			
Supplier is a business operating within the Coonamble Shire LGA			

- **Preferred Suppliers**

Council will endeavour to support local businesses. All references to amounts apply to the changeover price net of GST, ie. Gross Price minus Trade-in value.

- **Amounts up to \$1,000**

That where quotations from local businesses are not more than 10% greater than outside quotes, an order be placed with the lowest local business.

- **Amounts over \$1,000 but less than \$5,000**

That where quotations from local businesses are not more than 5% greater than outside quotes, an order be placed with the lowest local business subject to the other factors in the Guidelines being met.

- **Amounts over \$5,000 but less than \$10,000**

That where quotations from local businesses are not more than 2.5% greater than outside quotes, an order be placed with the lowest local business subject to the other factors in the Guidelines being met.

- **Amounts over \$10,000**

That all quotations be considered equally irrespective of the location of the business and an order be placed with the lowest cost business subject to the other factors in the Guidelines being met.

APPENDIX 1:

The following staff have the delegated authority to sign purchase orders for budgeted items to the value below:

Position	Limit
Manager –Services (K.Atkins)	\$20,000
Manager - State Highways & Plant (D.Colwell)	\$50,000
Manager – Water/Drainage	\$50,000
Manager – Roads (M.Harland)	\$50,000
Manager – Rural Industries (G. Robinson)	\$20,000
Manager – Finance (B.Morrison)	\$10,000
Manager – Quarry Production (J. Smith)	\$ 5,000
Overseers	\$ 5,000

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Adopted by Council: