

Procurement Policy

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1. Objectives

To ensure that principles in legislation concerning the acquisition and disposal of goods and services are applied and sound procedures are implemented concerning the expenditure of public funds to ensure the best value is obtained for the community.

To allow the management of Council's affairs to proceed without disruption, and to enhance the overall control and supervision of procurement and disposal of assets.

This policy does not apply to real estate property acquisitions and other non-procurement expenditure such as sponsorships, donations and employment contracts.

2. Preamble

This Procurement Policy defines Council's procurement function. The procurement process consists of all activities required to obtain works, goods, materials, consultancies and services or the disposal of surplus or second-hand equipment or materials by external providers.

Council has extensive business dealings across all of its service delivery areas. In all of these dealings Council is committed to ensuring a fair, transparent and accountable process in the purchase of goods and the contracting in of works and services.

At the core of Council's Values are the principles of:

- Best value for money;
- Mutual respect;
- Service provision to residents and rate payers;
- Open, honest, ethical, fair and consistent actions; and
- Open and effective competition.

The key objective of this Procurement Policy is to ensure that procurement activities achieve best value for money in supporting the delivery of Council's Community Strategic Plan by incorporating Quadruple Bottom Line (QBL) measurements as a consideration for all procurement activities.

Successful procurement provides opportunities to use the community's money wisely and in a sustainable way, while meeting governance requirements and promoting open and effective competition. In summary this means Council will ensure its business dealings are fair, ethical, transparent, impartial, meet high standards of probity and avoid any conflict of interest.

Council will consider local content in its procurement activities by incorporating the QBL in evaluation of all procurement activities where possible, by identifying opportunities for local economic development, social benefit and environmental protection.

Furthermore, Council will ensure that all procurement activities are conducted in accordance with the legislative requirements set out in the Local Government Act (1993) and General Regulation (2005), in conjunction with Council's Code of Conduct, Statement of Business Ethics, Fraud Control Policy and Risk Management Framework.

The objectives of this policy will be fulfilled in accordance with Procurement Procedures for consistency in the procurement activities. The procedures detail the procurement methods and processes for quotation and tendering requirements for the Council.

3. Definitions

Accountable Supervisor	Person to whom the Council Officer is directly accountable.
Authorised Purchasing Officer	Person with delegated powers by Council or the General Manager to approve the issue of an order
Contract	The act of entering into an agreement for the supply or disposal of goods, services or materials under this policy (over a 12 month period).
Gross Value	The total estimated cost of the purchase excluding any trade in value or goods which forms part of the purchase or disposal cost and including any Goods and Services Tax and cartage.
Order	The form approved by the General Manager for the ordering of goods or services for Council works
Local Preference	A preference given to local suppliers e.g. locally based contractors and suppliers with a permanent office and staff located within Narromine Shire.
Requisition	The form approved by the General Manager for Officers of Council or contractors working on Council's behalf to request the purchase of goods or services for Council works.
Valuable non-current asset contract	A contract for the disposal of a valuable non-current asset
Valuable non-current asset	A valuable non-current asset is - <ul style="list-style-type: none">(a) land(b) another other tangible non-current asset item used in the supply of goods or services that is expected to be used for more than one year. An arbitrary limit is applied by Council of more than \$1,000

4. Legislative Obligations and/or Relevant Standards

The procurement of goods and services for the Council is governed by the following:

- Local Government Act 1993
 - Section 55 and 55a with the calling for tenders.
 - Section 7(e) and 8(1) with regard to principles of ecologically sustainable development.
- Local Government (General) Regulations 2005.
 - Part 7 Tendering.
 - Part 9 Divisions 1-4 deals with financial management and the authorisation of expenditure.
- Environmental Planning and Assessment Act 1979
- Work Health and Safety Act 2011
- ICAC and guidelines,
- NSW Ombudsman and guidelines.
- OLG Tendering Guidelines of NSW Local Government 2009
- Councils Values,
- Council Procurement Procedures.
- Council Code of Conduct Policy.
- Council Statement of Business Ethics.
- Council Fraud Control Policy.
- Council Risk Management Policy

Any inconsistency that may arise between Council Policies or Procedures and relevant legislation shall be resolved in favour of the requirements of legislation.

No officer of the Council shall order goods, works or services without first quoting an official Council order number and complying with the policies and procedures contained in this document except:

- in situations of genuine emergency where an order can be raised as soon as practicable; or
- where specific exemptions apply; or
- where the purchase is being undertaken utilising an approved Council credit card or fuel card.

5. CONTENT:

5.1. Procurement Thresholds

Procurement thresholds (GST inclusive) are dollar value levels which detail the appropriate method for Council staff to undertake any procurement. The aim of these thresholds is to enable Council in achieving best value for money whilst effectively managing risk.

Purchases of \$250,000 and over (or \$150,000 and over for provision of services where those services are currently being provided by employees of Council) must be made in accordance with the OLG Tendering Guidelines for NSW Local Government.

Council staff will be required to adhere to these thresholds in the conduct of all procurement related activities.

5.2 Value for Money

Value for money is the differential between the total benefit derived from a good or a service against its total cost, when assessed over the period the goods or services are to be utilised. The method of procurement must be cost effective and efficient and take into account all relevant costs and benefits over the whole of life from the sourcing of raw materials to disposal of goods or services being procured.

Value for money is achieved when the 'right sized' procurement solution is selected to meet the organisation's need.

5.3 Local Content

Council is committed to supporting the local economy and enhancing the capabilities of local business and industry. Council will give due consideration to the actual and potential benefits to the local economy when sourcing goods and services, whilst maintaining a value for money approach at all times.

Consideration needs to be given to local value when determining value for money. Where local content can be applied, either directly or via the Quadruple Bottom line, a weighting should be applied to the evaluation. This weighting, taking into account all other weightings will help determine the overall best outcome for Council. In order to apply local content, the weighting is not applied to price, rather the weighting is applied to the overall evaluation.

5.4 Sustainable Practices and Environmental Protection

Where reasonable, all Procurement activities within Council will consider sustainable practices and environmental principles.

Council will work to lead the region by example. This will include (but not limited to):

- Water use,
- Energy use (including greenhouse gas emissions),
- Waste management,
- Fleet management,
- Sustainable procurement practices which includes, but is not limited to, supply chain and operations, modern slavery (as defined in the Modern Slavery Act, 2018), etc.,
- Natural resource management,
- Pollution control,
- Environmental compliance, and
- Parks management.

5.5 Exemptions

a) For Tenders

Exemptions of public tendering are listed in Section 55, Part 3 of the Local Government Act 1993. These are the only exemptions that apply. Extenuating circumstances and cases of emergency are not defined by the Act and should be used as an exemption to the tendering requirements only after careful consideration with the reasons clearly documented to ensure the procurement activity is defensible.

b) For Quotations

The General Manager may consider extenuating circumstances and cases of emergency (i.e plant breakdown, break-in, or where a situation is an immediate threat to work health and safety or to the environment). These could be used as an exemption to the quotation requirements only after careful consideration with the reasons clearly documented to ensure the procurement activity is defensible.

5.6 Systems Management

Procurement activities must be recorded in Council's financial system. Relevant documentation in regards to Council's procurement activities must be recorded in the Council's document management system. The guidelines of these requirements are detailed in the Procurement Procedures.

5.7 Accountability and Responsibility

The authorisation of the procurement of goods and services and financial value permitted for Council can only be delegated by the General Manager. These delegations are contained within Council's Delegation Register.

The Council is responsible for establishing effective governance arrangements and processes for acquisition of works, goods, materials, consultancies and services.

Staff whose position descriptions include responsibilities for procurement are responsible for purchasing in accordance with this Policy subject to their delegated authority.

6. Procurement Principles and Standards of Behaviour and Ethical Principles

Council should be mindful to act in the interests of residents, ratepayers and the wider community and that, when considering expenditure of public monies, Council:

- is open, transparent and accountable in all dealings.
- ensures that all dealings are ethical and promote fairness and competition, and
- obtains best value

All Council dealings shall have regard to following principles:

Best Value for Money

Purchasing practices must demonstrate value for money, having consideration for the following factors (in no order of precedence):

- Availability, reliability and fitness for the purpose;
- Standardisation of equipment or plant;
- Price;
- Total cost over the life of an asset, in the case of plant and equipment this shall include assessment of the purchase, installation and operating costs over the life of the asset;
- Resale value, and/or end of life destination
- After sales service and warranty;
- Past performance of the supplier;

- Assessment of satisfaction of other users (when appropriate);
- Adherence to work, health, operational, environmental, safety and risk management requirements of the Council as required;
- Where practical consideration will be given to the use of recycled material and user-friendly equipment; and
- Innovation or alternative solutions that meets or exceeds required standards.

Honesty and fairness

Council must conduct all tendering, procurement and business relationships with honesty, fairness and probity at all levels. Council must not disclose confidential or proprietary information.

Accountability and transparency

Council must ensure that the process for awarding contracts is open, clear, fully documented and defensible.

Consistency in Procurement

Council must ensure consistency in all stages of the procurement. For example, conditions of tendering/ quotations must be the same for each tenderer on any particular tender; all requirements must be clearly specified in the tender documents and criteria for evaluation must be clearly indicated; all potential tenderers should be given the same information; and the evaluation of tenders must be based on the conditions of tendering and selection criteria as defined in the tender documents. In saying this, advice given to potential tenderers clarifying aspects of the tender need not be circulated to all tenderers.

Service provision for residents and rate payers

When considering service provision, Council will ensure that:

- There is consistency with Council's Strategic Management Plans,
- Service delivery approaches will be on the basis of both best short term and long-term value,
- A binding Contract will be formed between Council and the Services Provider comprising of Standard Terms and Conditions or General Conditions and /or Special Conditions of Contract;
- Quality and cost standards will be met,
- Work will be completed within agreed and realistic timeframes,
- The service will be responsive to the needs of the community,
- The service will be accessible to those for whom it is intended,
- Efficiency, effectiveness, accountability and transparency measures are observed,
- Consideration is given to the impact of service delivery approaches on local businesses,
- Staff impacts are evaluated,
- It complies with statutory obligations and the National Competition Policy,
- It complies with Council's Work, Health and Safety Policy,

- Council will retain control over the way in which services are provided and its response to emergency situations,
- Consideration will be given to opportunities for creating or maintaining economic development and growth in the area,
- Participation with other spheres of government, community groups and the private sector in service provision are maximised.
- Sustainable principles are embedded in its service delivery.

Rule of law

Council must comply with all legal obligations. These include the provisions of the *Local Government Act* and the *Regulation*.

No anti-competitive practices

Council must not engage in practices that are anti-competitive or engage in any form of collusive practice.

Open and effective competition is to be achieved by ensuring that activities are visible to the Council, community and persons seeking to do business with the Council by ensuring:

- there is no bias or favouritism,
- competition is encouraged, and persons seeking to do business with the Council are provided with every opportunity to submit quotations and offers,
- Council officers responsible for purchasing maintain their independence and uphold acceptable standards of conduct,
- that any registers of interest are maintained and updated annually

No improper advantage

Council must not engage in practices, whether perceived or not, that aim to give a potential tenderer/supplier/contractor an advantage over others, unless such advantage stems from an adopted Council procurement policy such as a local preference policy.

Intention to proceed

Council must not invite or submit tenders or quotations without a firm intention and capacity to proceed with a contract, including having funds available.

Co-operation

Council must encourage business relationships based on open and effective communication, respect and trust, and adopt a non-adversarial approach to dispute resolution.

6. Conflict of Interests

The NSW Government established the Independent Commission Against Corruption (ICAC) to protect the public interest, prevent breaches of public trust and guide the conduct of public officials. ICAC investigations have identified a number of examples that highlight the need for all public agencies, including councils, to ensure that they adhere to high standards of probity in tendering.

Conflict of interests may occur when an individual could be influenced, or a reasonable and informed person would perceive that an individual could be influenced, by a personal interest when carrying out public duties. There is a requirement that where such a conflict occurs, it will be declared, assessed and resolved in favor of the public interest.

Council officials have an obligation to disclose potential or actual conflict of interests between their public duties and their personal or private interests. The benefit or loss may be financial or non-financial. The objective of disclosing interests that are or could be in conflict with official duties is to ensure prompt consideration, comprehensive assessment and, where necessary, the implementation of alternative working arrangements or other action by the council concerned.

A conflict of interests can be of two types:

- Pecuniary – an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person (s442 of the Act). A person's pecuniary interest may arise because their spouse, de facto partner, relative, partner or employer, or company or other body of which the person or a nominee, partner or employer is a member has a pecuniary interest in a matter (s443 of the Act).
- Non-pecuniary – a private or personal interest the council official has that does not amount to a pecuniary interest as defined by the Act. For example a non-pecuniary interest could be a friendship, membership of an association, society or trade union or involvement or interest in an activity and may include an interest of a financial nature.

The *Model Code of Conduct for Local Councils in NSW* and *Procedures for Administration of the Model Code of Conduct* provides further information regarding conflict of interests and the requirements of the Act in relation to conflict of interests.

7. Delegation

Council has delegated its powers to enter into contracts to the General Manager as set out in Appendix B of this policy.

The General Manager has further delegated the powers delegated to the General Manager by Council to Officers of Council as set out in the Delegations Register.

The General Manager's delegation provides the nominated Council Officers with delegated authority to requisition, order and/or approve the payment of accounts on the Council's behalf to prescribed expenditure limits in their area of responsibility and within the constraints of the approved and/or amended Budget.

8. Purchase procedure of Goods, Services and Consultancies – Principles to apply to different thresholds

In determining the relevant threshold applicable to a particular purchase, the gross value of the purchase must be used.

The procedures applicable to purchases with the following gross value will apply (**Table 1**):

Value	Minimum Number and Form of Quotations				
	Goods	Works & Services	Works & Services (Panel Contract)	Consultancy	Local Preference Score
\$50 to \$2,000	1 verbal	1 verbal	1 verbal	1 verbal	10%
\$2,001-\$10,000	3 verbal	2 written	2 written	2 written	8%
\$10,001-\$25,000	2 written	3 written	2 written	2 written	5%
\$25,001 - \$250,000	3 written	3 written	3 written	3 written	3.5%
>\$250,000 or \$150,000 and over where services are currently being provided by employees of Council	TENDER	TENDER	TENDER	TENDER	0%

Table 1: Procurement thresholds and minimum number and form of quotations

Purchasing procedures are described in Appendix "A"

By using the tendering process in circumstances other than those prescribed by Section 55 of the Act, councils will be able to provide assurance of openness and accountability, build anti-corruption capacity and achieve the best value for money.

For high risk projects such as projects with a high reputational, financial, environmental, safety, etc. risks, a formal tender process could be followed to manage and mitigate risks.

9. Disposals – Valuable Non-current assets

Council promotes the reuse or recycling of goods. Where goods and materials in surplus of Council's requirements cannot be reused then it will be disposed of in the following manner:

- The following will be considered as a minimum when making a determination:
 - a) Compliance with Strategic Plans;
 - b) Remaining useful life;
 - c) Current value;
 - d) Any present WHS&E risks;
 - e) Re-use potential at another site; and
 - f) Current and Predicted Operational Expenditure

All goods (other than land) with an apparent value of less than \$250,000 may be disposed of with the authorisation of the General Manager.

- Valuable non-current assets
 - (a) Invites written quotations or tenders for the contract
 - (b) Offers the non-current asset for sale by auction.

Council's policy on the disposal is as follows -

- a) Where goods have reached its end of useful life, or if in the opinion of the General Manager, goods will not be able to be recycled or re-used, goods/assets can be disposed of by means of landfill.
- b) Where goods are not suitable for sale by a competitive process then those goods are to be stored in a secure area and kept until sold by public auction at a time when there are sufficient goods to warrant the holding of such an auction;
- c) The timing and location of such public auctions shall be at the discretion of the General Manager having regard to the timing and location being such as to attract the most interest and accessibility to the auction to achieve the best sale price of the auction items;
- d) The General Manager may utilise any available method of public auction as is compliant with the requirements of the Act and Regulation.

10. Workplace Health & Safety and Safety in Design

The risks associated with procurement of goods and services must be managed in accordance with Narromine Shire Council risk management procedure. A risk assessment must be undertaken for all new or changed items with regards to its potential use at the workplace. In undertaking the risk assessment, the following factors are to be considered but not limited to: its intended or future use, hazards introduced, impact on personnel and operations, legal requirements, training requirements, changes to work procedures and impact on environment.

If the level of risk associated with the item to be purchased cannot be mitigated and is therefore not acceptable, the item is not to be purchased. An alternate item is to be sourced and the process started again.

All contractors and suppliers of goods and services shall ensure that the work undertaken or goods supplied comply with relevant statutes, regulations and standards that pertain to the 2011 NSW Work Health and Safety Act and Council's WHS Contractor Management Policy.

In respect of the purchase of plant and equipment, procurement of professional consulting services, including furniture, the supplier, consultant or contractor will be requested to provide information regarding the hazards associated with the items and recommended controls to manage these hazards. A Safety in Design (SiD), Hazard and Operational Assessment (HAZOP) or a Construction Hazard Assessment Implication Review (CHAIR) shall be undertaken for any structure (as defined in the Work Health and Safety Act, 2011) with operator involvement by an independent facilitator who is experienced in the relevant field.

Safety Data Sheets (SDS) and instructions for use and storage for all hazardous substances must be obtained before the purchase of hazardous substances. All substances must meet labelling and usage requirements of the current NSW Work Health and Safety Regulations or Australian Standards.

Where Legislation or an Australian Standard does not exist, or no Council Standard or Specification exist, then the relevant International Standard will apply.

11. Requisition Forms and Asset Creation

Any officer may complete a requisition form. The completion of requisition forms by officers is required to allow orders for the relevant goods and services to be obtained by the preparation of a Council order form under the authority of an authorised officer and a Purchasing Officer. **A requisition form is not a purchase order.**

The requisition form, once completed and authorised by an officer with the relevant authority under this policy to purchase the goods or services being sought, must be presented to a Purchasing Officer for the determination of the person/firm from whom the goods/services are to be obtained and the preparation of a purchase order or the issue of the relevant goods from the Council store. If a requisition is not authorised by an officer with the appropriate authority under this policy, then no goods or services may be ordered nor may any such goods or services be issued from the Council store.

The Store Purchasing Officer or other Purchasing Officer preparing the order form will utilise this purchasing policy to determine the appropriate supplier for such goods or services.

An Asset Creation form must be completed and submitted for any new assets.

12. Purchase Order Forms

The issue of a purchase order under the terms of contract represents the acceptance of an offer, thereby establishing a contract with the legal implications that this entails, provided that Terms and Conditions are attached to the Purchase Order. It is important to note that Council orders must be raised before the supply of goods and services wherever practicable.

Purchase orders must specify where and to whom the goods are to be delivered along with delivery instructions and completion date. Purchase orders must contain a quoted price or estimated quoted price apportioned to the relevant budget numbers.

Expenditure limits and threshold limits have been set in this policy to ensure proper controls and checks are carried out on all purchases. No officer shall break down a procurement of products or services into its components or reduce quantities or take any other action in order to avoid complying with this policy or obtaining the prescribed approvals.

Narromine Shire Council operates a centralised purchasing system where possible, with purchase orders prepared at the Council Stores, Finance and Customer Services Office and the Main Council Office.

The preparation of a Council order at these locations will only be undertaken where a duly authorised requisition form has been presented, or a direction has been issued by an appropriately authorised officer for the preparation of the order form after the appropriate supplier has been determined by the relevant purchasing officer having regard to the requirements set out in Section 5 of this policy.

All orders must have a realistic order value included on the order. This should be supported by the written quotes received if applicable.

The Officer nominated on the order form as the authorising officer should be the officer who has authorised the requisition or directed that the order be prepared. This officer must also be the officer who signs the order unless their accountable supervisor signs the order in lieu.

Once a Purchase Order is printed a copy shall be provided to the supplier, along with a copy of the standard terms and conditions, if applicable¹.

13. Receipt of Goods and Services

Nominated receivable point

All Goods ordered shall have a nominated receivable point and officer on the order unless the goods (other than tools, consumables major and minor plant and equipment normally used in an outdoor environment) are directly picked up by the officer nominated on the order.

The nominated receivable points are to be one of the following: -

Council Offices - Dandaloo Street, Narromine

Council Depot – Store – Manildra Street, Narromine (for tools, consumables, major and minor plant and equipment normally used in an outdoor environment)

Council Depot - Temoin Street, Trangie

Council Depot – Workshop – Manildra Street, Narromine

The area where the goods are to be received shall be a secure area and goods shall not leave that area until such time as they are checked against the order, found to match the goods ordered, and the order copy is signed by the receiving officer as showing the goods being received by completing the certificate on the reverse of the receiving copy of the order. This copy is then sent to accounts payable.

Where applicable, goods shall, before leaving the secure area of the nominated receivable point, be Security Marked, have any serial numbers noted and have details recorded for inclusion on the 'Small Tools Register'.

A nominated officer can sign the order copy as the goods having been received.

The attachment of the signature of the officer to the order copy as being satisfactorily received is the authority for the Accounts Payable Officer to process any subsequent invoice received for these goods and services for payment provided all other relevant authorities are in place.

Any variations of the invoice to the order shall be referred by the accounts payable officer to the relevant purchasing officer for clarification and appropriate authorisation of any variations prior to any payment being processed.

¹ For purchases such as flowers and stationary and the like, no Terms and Conditions would be required.

14. Authorising of the payment of invoices without an order

Whilst all goods and services should ideally have a Council order issued before an invoice is received there will be times when Council receives invoices for goods and services for which no order has been issued.

At those times a copy of the relevant invoice shall be forwarded to the relevant officer for authorisation for payment. The same authority levels as are applicable for ordering shall apply to the authorities for payment of such invoices.

15. Credit Cards

Entitlement to a Council Corporate Credit Card shall be determined in writing by the General Manager, but will normally be limited to:

- Department Directors;
- Managers of operational areas of Council business requiring a level of delegated purchasing capability

No private expenditure is allowable on such credit cards. No personal "flybuy points" or other such similar incentives are to be garnered from the use of this card. Monthly summaries of the use of such cards shall be provided to the Director Finance and Corporate Strategy along with copies of the supporting tax invoice/receipts for any purchases and sufficient detail to allow such purchases to be appropriately allocated. All credit card purchases must be approved by the General Manager and be within the limits delegated in this policy. The General Manager's credit card purchases must be approved by the Mayor.

16. Fuel Cards

Narromine Shire Council provides fuel cards for use with various Council vehicles. Such fuel cards shall only be utilised for the purchase of fuel for the nominated vehicles and any purchase receipts provided to the Council Office with the officer's next time sheet.

17. Coles Customer Account Cards

Entitlement to a Coles Customer Account Card shall be determined in writing by the General Manager.

No private expenditure is allowable on such cards. Invoices for any purchases must be provided to the Director Finance & Corporate Strategy immediately after use with sufficient detail to allow such purchases to be appropriately allocated. No personal "flybuy points" or other such similar incentives are to be garnered from the use of this card.

18 Other Policies

This policy should be read in conjunction with other Policies and Contract Management Framework documentation.

19. Performance Indicator

Procurement related activities will form part of Council's internal audit process.

APPENDIX 'A'

Purchasing Procedures

The procedures below set out the minimum requirements for purchasing up to the relevant thresholds. Refer to **Table 1** for procurement thresholds and minimum number and form of quotations. All verbal quotations shall be documented and records shall be stored appropriately in Council's electronic records management system. Thresholds are GST inclusive.

(a) Purchases up to \$50

Purchases up to \$50 may be made out of Petty Cash.

(b) Purchases up to \$2,000

A Purchase Order will be raised after obtaining 1 verbal quote except:

- in situations of genuine emergency where an order can be raised as soon as practicable; or
- where specific exemptions apply; or
- Where the purchase is being undertaken utilising an approved Council credit card or fuel card.

(c) Purchases from \$2,001 up to \$10,000

A Purchase Order will be raised after:

- a) Accessing a Preferred Supplier Arrangement (including Registers of Pre-qualified Suppliers and Panels of Suitable Providers) within delegated authority and budget constraints; or
- b) Accessing a Local buy arrangement; or
- c) Quotations are sought, provided that the principles of purchasing are adhered to and expenditure is within delegated authority and budget constraints.
- d) Council may decide not to accept any of the quotes it receives. However, if Council does decide to accept a quote, it must accept the quote most advantageous to it having regard to the sound contracting principles.
- e) The Authorised Purchasing Officer shall ensure that a record of the firms contacted for a quote is kept on the Accounts Payable copy of the order and may obtain additional competitive quotes.

- f) Details of all quotations received including a copy of the quote accepted must be attached to the accounts payable copy of the order issued to allow for retrieval for audit purposes.

Where it is not possible to obtain the required amount of quotations the requisition must be approved by the relevant Accountable Supervisor who must note the reason for not being able to obtain the required amount of quotations.

- g) All known local suppliers shall be asked to give a quote for the works or services unless a Panel Contract is used.
- h) When purchasing parts for plant & machinery or specialised servicing/repair services in this category and original parts are required or an accredited dealer must be used to retain the required warranties and only one local accredited supplier exists, only one written quote will be required from that supplier.

(d) Purchases from \$10,001 up to \$25,000

1. Council cannot enter into a written contract unless it first invites written quotes
2. The invitation must be given to persons/businesses who Council considers can meet its requirements, at competitive prices.
3. Council may decide not to accept any of the quotes it receives.
4. However, if Council does decide to accept a quote, it must accept the quote most advantageous to it having regard to the sound contracting principles
5. A Purchase Order will be raised after:
 - i. Accessing a Preferred Supplier Arrangement (including Registers of Pre-qualified Suppliers and Panels of Suitable Providers) within delegated authority and budget constraints; or
 - ii. Accessing a Local buy arrangement; or
 - iii. Quotations are sought, provided that the principles of purchasing are adhered to and expenditure is within delegated authority and budget constraints.
6. Council may decide not to accept any of the quotes it receives. However, if Council does decide to accept a quote, it must accept the quote most advantageous to it having regard to the sound contracting principles.
7. The Authorised Purchasing Officer shall ensure that a record of the firms contacted for a quote is kept on the Accounts Payable copy of the order and may obtain additional competitive quotes.

8. Details of all quotations received including a copy of the quote accepted must be attached to the accounts payable copy of the order issued to allow for retrieval for audit purposes.
 9. Where it is not possible to obtain the required amount of quotations the requisition must be approved by the relevant Accountable Supervisor who must note the reason for not being able to obtain the required amount of quotations.
 - i) All known local suppliers shall be asked to give a quote for the works or services unless a Panel Contract is used.
 10. When purchasing parts for plant & machinery or specialised servicing/repair services in this category and original parts are required or an accredited dealer must be used to retain the required warranties and only one local accredited supplier exists, only one written quote will be required from that supplier.
- (e) Purchases \$25,001 or more but less than \$250,000
- (1) Council cannot enter into a written contract unless it first invites written quotes
 - (2) The invitation must be given to persons/businesses who Council considers can meet its requirements, at competitive prices.
 - (3) Council may decide not to accept any of the quotes it receives.
 - (4) However, if Council does decide to accept a quote, it must accept the quote most advantageous to it having regard to the sound contracting principles
 - (5) Council can consider to call for Tenders if a risk-based assessment indicates a "High" ranking or score.
- (f) Purchases more than \$250,000 or \$150,000 for a contract involving the provision of services where those services are, at the time of entering the contract, being provided by employees of the Council.

As per Tendering Guidelines for NSW Local Government -

Councils must use the tendering method set out in the Regulation before entering into any of the types of contracts specified in section 55(1) of the Act. In addition to the types of contracts outlined in this section, councils are encouraged to use the tendering process in the following circumstances:

- iv. Where estimated expenditure or receipt of an amount (including on-costs such as GST) is close to the tendering threshold specified in the Regulations (currently \$250,000) or \$150,000 for a contract involving the provision of services where those services are, at the time of entering the contract, being provided by employees of the Council. The calculation of estimated expenditure should be a critical element of planning and contract scoping.

- Councils should not invoice or order split to avoid tendering requirements as such activities would be contrary to the requirements of council's charter under the *Act*.
- Where the aggregated or cumulative cost of a contract conducted over more than one accounting period is likely to exceed the tendering threshold specified in the Regulation.
- Where the sale or purchase of goods or services may be considered controversial, contentious or political.
- Where the sale or purchase of land may be considered controversial, contentious or political. Acknowledging that the sale or purchase of land is specifically exempt under 55(3) of the *Act*, Council should still consider using the tender process in such circumstances.
- Where there is a risk that 'would be' tenderers could claim that Council has 'preferential' arrangements with a single supplier.
- Where there is a risk that 'would be' tenderers could claim that they would have tendered for the work if a public tendering process had been undertaken.

APPENDIX 'B'

Delegated Expenditure Limits for Authorised Officers

The following schedule indicates the authorised officers and expenditure limits for orders, requisitions and cheques other than for quotations and tenders approved by the General Manager.

Council delegates to the General Manager the authority to incur financial expenditure on behalf of Council under the following provisions:

- (a) where expenditure has been provided for in Council's budget; or
- (b) in the opinion of the General Manager such expenditure is required because of genuine emergency or hardship (Section 184 of the Regulation).

Other officers may only incur expenditure on behalf of Council if:

- (a) the officer has been granted financial delegation by the General Manager and such delegation is recorded in the Register of Delegations; and
- (b) the expenditure is provided for in Council's budget; or
- (c) in the case of genuine emergency or hardship and the power to incur expenditure in these circumstances has also been delegated.

Any officer incurring expenditure may only do so in accordance with any constraints imposed by Council or by the General Manager in respect to a financial delegation.

The General Manager is authorised to enter into contracts on behalf of Council within the expenditure delegation provided for.

APPENDIX 'C'

FINANCIAL/PURCHASING DELEGATIONS NARROMINE SHIRE COUNCIL

Delegations by Narromine Shire Council

Purchasing Delegations

The delegations set out in TABLE 1 below are made by Council to the Mayor and the General Manager subject to the condition that all requisitions and purchases made under this delegation shall be made in accordance with the requirements of the Local Government Act 1993 and the current adopted Narromine Shire Council Procurement Policy.

These delegations apply to the position indicated including persons temporarily relieving in those positions.

TABLE 1

POSITION	DELEGATED EXPENDITURE LIMIT	Conditions
Mayor	\$10,000	Urgent works - in consultation with the General Manager and in between Council Meetings, authorise urgent works for which there is no budget provision up to an amount of \$10 000.
General Manager	Unlimited but in accordance with budget	To accept all tenders except tenders to provide services currently provided by Council staff in accordance with Section 377 (1)(i) of the Act.

APPENDIX 'D'

FINANCIAL/PURCHASING DELEGATIONS NARROMINE SHIRE COUNCIL

Delegations by the General Manager

The delegations set out in Delegations Register are made by the General Manager to Officers of Council subject to the following conditions: -

- All requisitions and purchases made under this delegation shall be made in accordance with the requirements of the Local Government Act 1993 and the current adopted Narromine Shire Council Procurement Policy.
- Goods and services ordered, requisitioned or approved for payment may only be done by officers with the responsibility to manage the relevant budget item to which such goods or services are to be charged.
- Goods and services may only be ordered if the estimate of the value of the goods or services being sought falls within the approved budget for the relevant budget item to which such goods or services are to be charged.
- An officer delegated purchasing powers under this delegation will remove themselves from exercising the delegated powers in any instance where the Officer has a Material Interest as defined under the Local Government Act 1993 in the matter. Where the Officer has a Conflict of Interest in the matter they shall refer the purchase to their Accountable Supervisor for direction as to whether they may exercise their purchasing authority.

These delegations apply to the position indicated including persons temporarily relieving in those positions.