



YOUNG SHIRE COUNCIL

**PROCUREMENT  
POLICY**

**No 83**

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## 1 POLICY OBJECTIVE

The objectives of Young Shire Council's Procurement Policy are as follows:

- to ensure Council at all times complies with the NSW Local Government Act 1993 and the NSW Local Government (General) Regulations 2005 in relation to the procurement of goods and services;
- to clearly define a procurement framework, responsibilities and procedures for guidance of all Council officers;
- to assist Council in achieving the most advantageous price and purchasing conditions;
- to overcome duplication of effort and research throughout the organization and at the same time ensure co-operation and understanding from contractors and suppliers by consistent and regular procurement practices;
- to strengthen procurement structures and reduce fragmentation of process,
- ensure that Council's procurement policies, practices and procedures are of best practice and such meet the highest level of public accountability.
- to mitigate and manage exposure to corruption risk in purchasing.

## 2 POLICY STATEMENT

### 2.1 Legal Requirements

The Procurement of goods and services by Council must be in accordance with the Legislative framework that is defined in the NSW Local Government Act 1993 and the NSW Local Government (General) Regulation 2005.

Section 55 of the Local Government Act 1993  
Details the provisions for the requirements for tenders.

Local Government (*General*) Regulation 2005  
Sections 165 to 181, which details the administration of tenders, including the prerequisite requirements, submissions and opening of tenders and determining of successful tenders.

Section 210 provides for the particular responsibilities of the General Manager.  
Section 212 provides for the authorisation of expenditure.

Local Government Amendment (*Public Private Partnerships*) Act 2004

Independent Commission Against Corruption publication Dec.2011 "*Corruption Risks in NSW Government Procurement*" *The Management Challenge*.

### 2.2 Work Health & Safety

When undertaking purchases for goods and services, Council officers need to comply with the requirements of the WHS Act (2011) and WHS Regulation (2011).

## **2.3 Ethical Behaviour**

Council officers have a responsibility to perform their duties and conduct themselves in a manner, which ensures that they maintain a reputation for fair dealing and that the integrity of the procurement function is beyond reproach.

The following guidelines are given to assist in satisfying this responsibility.

### **2.3.1 Fair and Honest Dealing**

Council officers must ensure that prospective contractors and suppliers are afforded equal opportunity to tender/quote for all goods and services required. Impartiality should be maintained at all times so that no action is taken which could evoke criticism of the Council. It is important that Council officers protect the commercial interests of all existing and potential contractors or suppliers. Disclosures must not be made, other than in the course of official Council business, of information supplied by means of the tender or quotation process. Confidentiality of commercially sensitive material such as prices, discounts, rebates, profits, manufacturing and product information or other matters which come to notice in the course of official duties, must be maintained at all times in accordance with Council Policy.

### **2.3.2 Supplier Contact**

Council encourages its officers to research the market to identify new sources of supply for goods/services required by Council and to encourage such sources to tender or quote details of their products/expertise to Council. Only by so doing can they be sure they are obtaining the best service for Council in all areas.

Any contact must be carried out having regard to this policy and ensuring that contact is made in such a way as not to deliberately disadvantage other contractors or suppliers.

### **2.3.3 Conflict of Interest**

Council officers are advised to avoid situations where private interests conflict with their Council procurement duties. This conflict extends to business undertakings by way of contract or purchase agreement with members of the officer's family or with a firm in which the officer has a material interest. Officers finding themselves in this situation are required to disclose the details to the General Manager. Such conflicts of interest shall be documented as a corporate record of Council.

### **2.3.4 Audit**

The Director of Corporate Services, Director of Operations and Director of Planning, Environment and Strategic Services will regularly carry out spot audits of procurement activities and determine compliance with.

### **2.3.5 Responsibilities**

Instances of non-compliance with the provisions of this policy shall be reported to the General Manager, or in the case of a Public Interest Disclosure, to the Disclosures Co-Ordinator or Disclosures Officer.

Breaches of this Policy and Council's Code of Conduct will be dealt with in accordance with Council's Code of Conduct.

## **2.4 Quality Assurance**

Quality is an integral and core element in the provision of all goods, services and works and so Council encourages contractors and suppliers to have quality assurance accreditation under Australian Standard 3902 or International Standards ISO 9002 for manufacturers and distributors and Australian Standard 3901 or International Standard ISP 9001 for design and manufacture and systems.

At the discretion of the actioning Council officer, Quality Assurance may be a mandatory condition of the procurement of a good or service.

## **2.5 Procurement Preference**

All matters being equal, Council prefers to purchase Australian made products and services and to purchase them locally.

## **2.6 Benefits of the Procurement System**

Council's procurement activities shall be carried out in accordance with its Procurement Policy and Procedure and its Officers are obligated to ensuring that all its activities involving procurement are carried out bearing in mind the following principles.

### **2.6.1 Open and Effective Competition**

The objective of this principle is to maximise the prospect of obtaining the most advantageous outcome for Council and that contractors or suppliers wishing to do business with Council are given a reasonable opportunity to do so.

Open and Effective Competition will be achieved by:-

- procurement procedures and processes being visible to Council, contractors, suppliers and the public
- Council officers accepting their responsibilities and accountabilities
- contractors and suppliers having a real opportunity to do business with Council
- invitations to contractors or suppliers being specified to encourage competition among contractors and suppliers with a view to value for money

### **2.6.2 Value for Money**

Council bases procurement decisions on the principle of 'value of money' over the life cycle of products rather than the 'lowest cost' and gives preference to the purchase of environmentally friendly products where they are performance competitive and cost competitive with the existing product purchase.

Officers making decisions on the procurement of goods and services must evaluate the following issues in determining the appropriate contractor or supplier of goods and services.

Officers are to ensure the following:-

- contractors or suppliers have equal opportunity to clarify what is being sought
- all documentation to suppliers is clear and concise and that it does not contain inconsistencies or is ambiguous
- the performance of prospective contractors or suppliers is investigated to ensure that they could provide service that is value for money
- communicating with contractors/suppliers on their performance and encouraging improvement in performance

### 2.6.3 Ethical Behaviour and Fair Dealing

Council officers are to ensure that they act with integrity and in a way that shows a proper concern for the public interest.

These actions can be achieved by:-

- promoting a high standard of integrity in procurement activities
- establishing criteria for awarding quotations/tenders before awarding the purchase
- ensuring that the confidentiality of all information is maintained at all times

Council's Procurement Policy is to be made known to current or prospective contractors and suppliers at all times in dealing with such companies or person.

## 2.7 Procurement Procedures

Details of Council's Procedures governing the purchasing of goods and services are described in the Procurement Procedures.

This document describes the Procedures involved in the:-

- procurement of Goods and Services with a value less than \$150,000, exclusive of GST
- procurement of Goods and Services with a value of excess of \$150,000, exclusive of GST
- engagement of contractors

## **2.8 Contracts**

### **2.8.1 Contract Definition**

A contract for the purposes of determining when a tender should be called is defined as the procurement of a service stream or supply of good/s or service/s that will be undertaken in either single or multiple purchases from the same supplier over any two (2) year period or that exceeds \$150,000 in value (GST inclusive)

### **2.8.2 Contract Administration**

Council will develop systems and procedures to record appropriate information pertaining to each new contract. Such records shall form the Council Contract Register.

## **2.9 Emergency Ordering Procedures**

The use of Emergency Orders should only be limited to:-

- emergency works – as outlined in Council’s Disaster Management Plan
- breakdown at water or sewerage treatment plants or other Council infrastructure, which exposes Council to a public, staff or environmental safety risk
- breakdown of major plant with no suitable temporary replacement available

## **2.10 Disposal of Assets**

Council has a policy and procedure for the disposal of plant, equipment and goods. The criteria for the disposal of these assets is contained with Council’s Disposal of Assets Procedure.

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