

PROCUREMENT POLICY

POLICY ADMINISTRATION

Dates	Policy approved 30/06/2020 This Policy is effective upon its approval. Policy is due for review 29/10/23. Appendix 2 is due for review 30/06/21.
Approved by	Executive on 30/06/2020 (Version 3)
Exhibition Period	N/A
Policy Owner	Manager Governance and Risk Management, Business and Corporate Services
Related Documents	Code of Conduct Procurement Probity Plan Purchase Card Policy Contract Management Policy Statement of Business Ethics Fraud and Corruption Control Policy
Appendices	Appendix 1 – Definition of Terms Appendix 2 - Interim Direction – Purchasing from Local Suppliers under Council’s Economic and Social Recovery Plan
References & Legislation	<ul style="list-style-type: none"> • Local Government Act 1993 - s55, 55A, 23A, 355 • Local Government (General) Regulation 2005 - Part 7, Tendering • Tendering Guidelines for NSW Local Government, Department of Premier and Cabinet, Division of Local Government • Government Information (Public Access) Act 2009
Document Identifier	Policy #: Pol-046.03 Doc #: D18/49289
Breaches of Policy	Breaches of any Policy will be dealt with and responded to in accordance with adopted codes and/or relevant legislation.
Record Keeping	All documents and information obtained in relation to the implementation of this Policy will be kept in accordance with the NSW State Records Act 1998, Georges River Council’s Corporate Records Policy and adopted internal procedures.

1. PURPOSE

- 1.1 This Policy sets out the mandatory requirements adopted by Georges River Council (Council) for the procurement of goods and services, including works (construction) irrespective of value.
- 1.2 This Policy will assist Council in ensuring best value for money, good management practices, legislative compliance, transparency, probity and environmental performance.
- 1.3 Specifically our five Policy objectives are to ensure that Procurement activities are carried out to meet the Council’s overall accountability and our agreed Strategic Directions, these Procurement Policy objectives being:

				
Meet Business Needs	Achieve Value for Money	Ethically done every time	Probity and Fairness, the way we work	Compliance to rules and law

- 1.4 Ensuring that staff are adequately skilled and trained, and understand their roles and responsibilities under this policy, will also assist in meeting the above objectives.

2. DEFINITION OF TERMS

- 2.1 For the definitions used in this Policy refer to [Appendix 1](#).

3. SCOPE

- 3.1 The requirements mandated by this Policy apply to all Council Officials as defined under Council’s Code of Conduct.
- 3.2 This Policy applies to all Procurement activities regardless of the value.
- 3.3 The requirements set out in this Policy do not apply to the following.
- **Petty Cash** - which is subject to Council’s Petty Cash Procedures;
 - **Labour or Skill hire** - contractors; and
 - **Employment of casual and temporary** - staff.
- 3.4 Further, fees and charges incurred or received in relation to the following are exempt from the requirements outlined in this Policy:

- **Subscriptions, memberships, training needs and events** (including bookings), corporate events (including bookings), recruitment and related advertising;
- **Grants** (in relation to received sponsorships);
- **Banking** - borrowing and investment services;
- **Utilities** - gas, water, electricity and phone;
- **Motor vehicle registration** and related insurances;
- **Insurance premiums** - for public liability and professional indemnity;
- **Operating expenses** - associated with conducting business: banking, advertising, postage;
- **Risk Management Services** - associated with motor vehicles repairs within excess, motor vehicle related third party claims and investigative services;
- **Emergency call outs and repairs** - associated with ICT services and building services, except for those providers on Council's Preferred Suppliers Panel (i.e. air conditioning, tree services, electrical); and
- **Compliance, regulatory and/or statutory planning functions** - associated with State Debt Recovery Office, Long Service Levy, Government Records Repository, NSW Companion Animals, NSW Fire Brigade, NSW Planning and Environment and other agencies.

4. POLICY STATEMENT

4.1 Authority to Procure

- 4.1.1 Procurement activities must be carried out in accordance with Council's financial delegations and within budgetary requirements.

4.2 Procurement Guiding Principles

- 4.2.1 When engaging in procurement activities the following standards of behaviours and ethical principles must be adhered to by all Council Officials. These are known as our Procurement Guiding Principles.
- 4.2.2 These Procurement Guiding Principles guide the procurement actions we take to support the delivery of our Council's Strategic Priorities.
- 4.2.3 The Procurement team are also guided by the Georges River Council's Customer Service Principles when serving internal customers.

Procurement Guiding Principles	Procurement Actions required by Council Officials	To Support our Strategic Values
Safe and Fit for Purpose	<ol style="list-style-type: none"> 1. Procure safe, sustainable, fit-for-purpose goods and services with the right specifications, the right quantity and the best level of innovation. 2. Ensure sustainable procurement is achieved to reduce the adverse impacts of purchased products and services throughout their life. 3. Being proactive and planned in what we need to buy so that we achieve our desired outcomes. 	 <p>UNITED</p> <p>We will work collaboratively as one team with common purpose and respect</p>
Value for Money	<ol style="list-style-type: none"> 1. Seek best <u>Value for Money</u> including lowest lifecycle cost every time. 2. Encourage competition and innovation amongst suppliers. 3. Consider risk management and risk allocation as part of our <u>Value for Money</u> analysis and also the degree of procurement process complexity. 	 <p>PROFESSIONAL</p> <p>We will act with integrity and seek opportunities to learn and grow</p>
Fair and Ethical	<ol style="list-style-type: none"> 1. Treat the supply market fairly in ensuring our decisions are transparent and defensible, including declaring any actual or perceived Conflicts of Interest which could be seen by the market and our customers as not achieving this objective. 2. Undertake procurement with integrity, confidentially, ensuring probity and accountability for all outcomes. 	 <p>HONEST</p> <p>We will be open and truthful with each other and our community</p>
Easy to Follow	<ol style="list-style-type: none"> 1. Set out clear procurement processes which are consistent with the associated risk of the procurement activity. 2. Provide guides and tools that make the process of procuring easy to follow and intuitive. 3. Provide clear, concise reporting on procurement spend, savings, compliance and performance, relevant and actionable to all stakeholders. 	 <p>ACCOUNTABLE</p> <p>We will own our decisions and actions as we strive for excellence</p>

4.3 Sustainable Procurement

- 4.3.1 Sustainable Procurement involves Council meeting the need for goods and services in a way that achieves Value for Money and generates benefits not only to Council, but also to Society and the economy, while minimising damage to the environment.
- 4.3.2 Sustainable Procurement considers all products and suppliers. This includes potential issues such as: resource extraction and consumption; manufacturing and production; transport and logistics; product and asset design; use and maintenance; recycling and disposal options; employee rights and conditions, corruption, unfair competition and ethical behaviour.
- 4.3.3 When Council commences the buying of goods and services the Policy requires that Council request that documents contain requirements for Sustainable Procurement that will consider:
- Strategies to avoid unnecessary consumption and manage demand;
 - Activities for minimising environmental impacts of the goods and services over the whole of life of the goods and services;
 - Assessments of suppliers' socially responsible practices including compliance with legislative obligations to employees; and
 - Assessments of overall value for money over the whole-of-life of the goods and services, rather than just initial cost.
- 4.3.4 The set of principles described in this section are to be integrated into business as usual procurement procedures.

4.4 Local Economic Development

- 4.4.1 In addition to value for money, procurement must be aimed at delivering social and economic benefits for the long-term wellbeing of the community wherever possible. Consideration must be given to:
- Support for local*, small businesses;
 - Working with ethically and socially responsible suppliers and their products to achieve mutual benefits; and
 - Balance the drive to achieve savings with community and local supplier impacts.
- 4.4.2 Where small business and local suppliers* offer opportunities for purchases to be made directly from local sources competing on a value for money basis, Council provides a 30 day payment guarantee as supported by general Purchase Conditions.

* Note – Council officers must consider the Interim Direction as contained in [Appendix 2](#) which directs Council officers in the first instance to attempt to purchase from suppliers whose primary business address is inside the LGA boundary.

4.5 Application of Legislative Requirements

- 4.5.1 The Tendering Guidelines in principal offered in the Local Government Act 1993, Local Government (General) Regulation 2005 and Tendering Guidelines for NSW Local Government, apply to all procurement activities where possible and appropriate.
- 4.5.2 Specifically, the Tendering Guidelines are to be applied in all instances where Council decides to undertake a Request for Tender, irrespective of the amount (i.e. below and within 10% of the nominated threshold of \$250,000*).
- 4.5.3 Relevant sections of the Tendering Guidelines are to be applied against all other (non-tendered) procurement where appropriate (i.e. Guiding Principles and Procurement Management).

Useful links

- [Tendering Guidelines for NSW Local Government](#)

4.6 Pre-Qualified Contracts and Schemes and Preferred Contracts

- 4.6.1 Council must consider in the first instance to procure works, goods and services where available from Pre-Qualified Contracts and Schemes, and Preferred Contracts.
- 4.6.2 To ensure best Value for Money, Council may seek quotations in accordance with this Policy unless conditions of contract for Pre-Qualified Contracts specifies otherwise.

4.7 When to engage the Procurement team

- 4.7.1 The assistance of Council's Procurement Team must be engaged where:

The total contracted spend is estimated above \$250,000* (including GST)
OR
When the inherent risk of the procurement activity is high to extreme.

- 4.7.2 The Procurement Team should be engaged as early as possible so that best value can be obtained from the activity, and at the very minimum, before approaching the market to determine whether a Pre-Qualified Contract or Scheme exists or other exemptions apply.
- 4.7.3 In all other cases (i.e. where the spend is **less than \$250,000 and low to medium risk**, the business can conduct self-service procurement and may obtain support from the Procurement Team.
- 4.7.4 This is described below and further in Council's Spend Risk Matrix.

BASIC, MINOR & INTERMEDIATE

Spend and Risk

Business Led Process

Less than \$250K and Low to Medium risk



Led by the Business with support as required by Procurement

ADVANCED

Spend and Risk

Procurement Supported Process

More than \$250K* or High risk



Led by Procurement in partnership with the Business

↑ Inherent Risk	HIGH	ADVANCED Procurement Supported Process			
	MEDIUM	BASIC Business Led Process (Card or 1 written quote)	MINOR Business Led Process (2 written quote)	INTERMEDIATE Business Led Process (3 as a minimum written quotes)	ADVANCED Procurement Supported Process
	LOW	BASIC Business Led Process (Card or 1 written quote)	MINOR Business Led Process (2 written quotes)	INTERMEDIATE Business Led Process (3 as a minimum written quotes)	ADVANCED Procurement Supported Process
		< \$10,000	\$10,000 to \$50,000	\$50,000 to \$250,000	> \$250,000*
	→ Total Contracted Spend (incl. GST)				

* below and within 10% of the nominated threshold of \$250,000

4.8 Procurement Thresholds and Procurement Methods

4.8.1 The method of procurement undertaken (for example, the number and type of quotations and/or tendering) is to be determined in accordance with the Procurement Threshold Values, as directed by the General Manager adopting a risk-based approach.

4.8.2 Where the Estimated Procurement Value of a contract / agreement is expected to fall within 10% of a threshold range, the suggested procurement methodology as appears within the higher range bracket should apply.

4.9 Order Splitting

4.9.1 Order Splitting of purchase requirements is inconsistent with this Policy and is not permitted.

4.10 Single Sourcing

4.10.1 Single Sourcing is only permitted in exceptional circumstances. All proposed procurements via Single Sourcing (with a Procurement Threshold Value between \$10,000 to \$200,000) are to be formally approved by a Director. Procurements of this type that are greater than \$200,000 are to be formally approved by the General Manager.

4.10.2 Approval must be gained prior to approaching the market.

4.10.3 Approval is to be sought via completion of an Exemption from Procurement Form.

4.11 Emergency Procurement

4.11.1 In an emergency, the General Manager (or a Delegate appointed by the General Manager) may authorise the procurement of goods and services to a specific value to meet that particular need.

4.11.2 Where practicable, depending on the severity and urgency of the procurement, consideration may be given to:

- Value for money, accountability and probity to the extent these can be applied and,
- What records are to be kept.

4.12 Maintaining Probity in Procurement Activities

4.12.1 Council must observe the highest standards of probity in all its commercial dealings. Council has a Procurement Probity Plan, to be used if you are undertaking a tender process, or in a quotation process where probity risks are identified. Use of the Probity Plan ensures ongoing consideration and management of probity issues during the various stages of procurement regardless of value.

4.12.2 Probity advisers and auditors should not be used as an 'insurance policy' to avoid accountability for responsible decision making as per the Code of Conduct. Therefore, the use of external probity advisers and auditors should be the exception rather than the rule.

4.12.3 The following criteria should be considered when determining whether to engage a probity adviser/auditor:

- Where the integrity of the process (or part of it) may be called into question;
- Where the project is politically sensitive and/or potentially controversial;

- To avoid a perception of bias or favouritism or where the process is extremely complex or direct negotiation; or
- Where there are substantial costs involved in preparing submissions or there is substantial Government funding involved.

4.12.4 The Business should contact the Procurement team for guidance when unsure as to whether a probity adviser should be engaged.

4.13 Documentation and Record Keeping

4.13.1 Appropriate documentation and record keeping must be maintained throughout the whole procurement cycle to provide an understanding of the reasons for procurement, the process that was followed, all relevant decisions and the reasons supporting those decisions.

4.14 Contract Disclosures

4.14.1 In accordance with the Government Information (Public Access) Act 2009 (NSW) the following types of procurements will be disclosed on Council's public website.

CLASS 1 CONTRACTS	A government contract where the estimated value of the project, goods and services, property or lease is likely to be over \$150,000.
CLASS 2 CONTRACTS	Being a 'Class 1' contract where: <ul style="list-style-type: none"> • there has not been a tender process; or • the terms and conditions of the contract have been substantially negotiated with the successful tenderer; or <ul style="list-style-type: none"> • obligations include maintaining or operating infrastructure or assets could continue for 10 years or more; or • it involves a privately financed project; or • it involves a transfer of a significant asset of the Council to another party to the contract in exchange for transfer of an asset to the Council.
CLASS 3 CONTRACTS	Being a 'Class 2' contract with a value over \$5 million

Useful links

- [Government Information \(Public Access\) Act 2009](#)

5. RESPONSIBILITIES

Position	Responsibility
Procurement Team	<ul style="list-style-type: none"> Is responsible for development of this Policy and monitoring compliance with this Policy. Providing Policy advice during implementation, as well as advice relating to procurement planning, probity and strategy.
Requisitioning Officer	<ul style="list-style-type: none"> Undertaking procurement processes (i.e. <u>Request for Quotations</u> or <u>Request for Tender</u>) in accordance with this Policy; and Keeping appropriate records for transparency and audit purposes. The Requisitioning Officer must not approve their own procurement processes or perform the responsibilities of an Approving Officer.
Approving Officer	<ul style="list-style-type: none"> Ensuring approval to procure within the limits of their delegated authority and for procurements that have been undertaken in accordance with this Policy.
Finance	<ul style="list-style-type: none"> Ensuring payment for compliant tax invoices in accordance with the General Purchasing Conditions

5.1 More specific responsibilities applicable to each procurement method will be outlined within supporting procurement procedures and guidelines.

6. VERSION CONTROL AND CHANGE HISTORY

Version	Amendment Details	Policy Owner	Period Active
1.0	Complete new Georges River Council Procurement Policy	Manager Governance and Risk Management	20/03/2018 – 29/10/2019
2.0	Review of policy, including introduction of a Value and Risk Matrix methodology and changes to the Procurement Threshold Values to align with new local government tendering threshold of \$250,000. Appendices removed and created as separate procedures documents.	Manager Governance and Risk Management	29/10//2019 – 30 June 2020

3.0	Inclusion of a new Interim Direction (Appendix 2) to support enactment of Council's Economic and Social Recovery Plan.	Manager Governance and Risk Management	30 June 2020 - ongoing
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Appendix 1 – Definition of Terms

Term	Meaning
Approving Officer	The person (from the business unit seeking to procure the goods, works or services) who will approve the procurement in line with Council's financial delegations.
Estimated Procurement Value	<p>The expected value / anticipated expenditure of a procurement. The expected value of a procurement must be estimated before a decision on the procurement method is made.</p> <p>For the purpose of this Policy, the Estimated Procurement Value is calculated to include the full cost of the contract including:</p> <ul style="list-style-type: none"> • the value of the works, goods or service; • on costs, such as GST and other costs where applicable; and • the cumulative expenditure of a contract agreement over the full period of the contract / agreement.
Financial Delegation	An appropriate level of authority to incur and / or approve expenditure of Council funds.
Order Splitting	<p>Is the splitting of purchase requirements into components and / or succession orders for the same or similar works, goods or services for the purpose of avoiding a Policy requirement.</p> <p>For the purpose of this Policy, the term 'Pre-Qualified Contracts and Schemes' is used to identify any of the following contract arrangements established via a competitive process for the supply of works, goods and services:</p> <ul style="list-style-type: none"> • Any contract arrangement implemented subject to the Local Government Act 1993 and Local Government (General) Regulations 2005, <ul style="list-style-type: none"> ○ By Procurement Australia (PA) and Local Government Procurement (LGP) which are prescribed organisations, or ○ By a cluster of Councils in which Council is a Member Council, such as the South Sydney Regional Organisation of Councils (SSROC), or ○ Any contract arrangement Council entered into with another Council, or ○ Any contract arrangement implemented by a Council which permits another Council to enter into agreements (piggybacking), or • Whole of government contracts implemented by NSW Government Procurement.
Pre-Qualified Contracts and Schemes	
Preferred Contracts	Any contract arrangement implemented by Council subject to conducting a formal competitive procurement process.
Procurement	All activities involved in acquiring goods or services either outright or by lease (including disposal and lease termination). Includes acquiring

	consumables, capital equipment, real property, infrastructure, and services under consultancies, professional services, facilities management and construction.
Procurement Threshold Values	These are the dollar values that are applied to the Estimated Procurement Value (i.e. anticipated expenditure), which in turn determines the procurement method to be undertaken.
Request for Tender (RFT)	A process in which an invitation to potential suppliers to submit offers for clearly described goods, works or services is publicly advertised.
Request for Quotation (RFQ)	A process inviting quotations from potential suppliers for goods, works or services required to achieve a stated outcome.
Requisitioning Officer	The person seeking to procure the goods, works or services.
Single Sourcing	A procurement process where Council invites a single supplier of its choice to submit a quote without first going through a competitive process or Pre-Qualified Contract and Scheme.
Value for Money	A comparison of the apparent benefits in the proposed contract, with the whole-of-life costs of the proposed contract. Value for money is determined by considering all the factors that are relevant to the proposed contract and may include: experience, quality, reliability, timeliness, service, risk profiles and initial and ongoing costs. Value for money does not automatically mean the 'lowest price'.

Appendix 2 – Interim Direction – Purchasing from Local Suppliers under Council’s Economic and Social Recovery Plan

Background

Our community, along with the rest of Australia, is facing extraordinary challenges due to the COVID-19 pandemic. Council needs to respond to these challenges to our community in a positive way.

The Economic and Social Recovery Plan (ESRP) is Georges River Council’s response to this unprecedented situation and will allow us to move quickly and strategically to manage and make changes to operations in order to assist the community and deliver ongoing services.

Interim Direction

This Interim Direction has been put in place to support enactment of Council’s ESRP and may be reviewed and revoked at any time at the direction of the General Manager.

This Interim Direction should be read as an addendum to the Procurement Policy for the purposes only of **directing Council expenditure to local businesses on a greater than usual volume.**

For the duration of this Interim Direction it is the intention that **Council Officers should, in the first instance, attempt to purchase from suppliers whose primary business address is inside the LGA boundary.** Notwithstanding this, all requirements of the Local Government Act 1993 specifically those relating to tendering need to be adhered to.

This direction has two elements each designed to make it easier for local businesses to win work on Council contracts.

1. Mandatory 5% ‘Local Business’ weighting criteria for all Tenders.
 - All published Tenders during the Interim Direction period will be required to include a mandatory 5% weighting criteria that will be scored based on registered business address.
 - Scoring will be allocated only 5% for inside LGA, 2.5% for neighbouring LGA’s (Canterbury/Bankstown, Bayside and Sutherland) and 0% for all other addresses.

2. A streamlined Procurement Thresholds document designed to make it easier for Council Officers to engage Local Suppliers for values under the Tender threshold.
 - This Policy will allow any purchases up to a total value of \$250,000 to be made based on the below Interim Thresholds for purchases from local businesses.
 - Council officers looking to purchase on behalf of Council should direct time usually spent drafting RFQ documents and assessing submissions instead to seek out new local suppliers who can provide the good/ service.

Engagements not covered by this Interim Direction

Up to \$250,000 inc GST

If there are no local suppliers that are able to provide the goods and/or services being sought up to a total estimated value of \$250,000 inc GST then this Interim Direction will be superseded by the existing Procurement Threshold Values (requirements for non LGA purchases) as contained within the Procurement Policy (page 17). The Council officer will need to obtain the respective number of quotations identified in the last column of the Interim Procurement Thresholds table below.

Over \$250,000 inc GST

The 5% weighting is mandatory in all published Tenders. Even if the expectation is that no Local Suppliers will be able to submit a bid, the weighting must be included and will be negated by all scorers scoring zero (0).

Procurement Thresholds – LGA and non LGA

Procurement Type	Threshold Value (including GST)	Interim Direction Local Suppliers Purchases from Local Businesses (identified as having a primary business address that is registered inside the LGA).	Procurement Threshold Requirement for non LGA Purchases
Minor Purchases	< \$10,000	One (1) written quotation and move to create a purchase order.	Purchase via Purchase Card. Proof of purchase is required. One (1) written quotation at the discretion of the officer with financial delegation. Consider Purchase Order in the absence of a Purchase Card.
Simple Procurements	\$10,000 up to \$50,000	One (1) written quotation and move to create a purchase order.	Minimum two (2) written quotations. General purchase order terms and conditions apply.
Request for Quotations (RFQ)	\$50,000 up to \$250,000	Minimum two (2) written quotations. No formal RFQ process or assessment.	Minimum three (3) written quotations via a formal RFQ process.
Request for Quotations from Council Panel or approved Pre-Qualified Contracts and Schemes	No limit – unless a limit is stipulated in a Pre-Qualified Contract / Scheme		Minimum three (3) written quotations for >\$50,000 via a RFQ to establish Value for Money. One (1) quote required <\$50,000.
Tender	> \$250,000 (or within 10%)	Competitive Tender Process Mandatory 5% 'Local Supplier' Criteria	Competitive Tender Process
Single Sourcing	i) \$10,000 to \$200,000 ii) > \$200,000	i) Director Approval required. ii) General Manager Approval required.	i) Director Approval required. ii) General Manager Approval required.