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Procurement Policy

*Purpose – to ensure that Council achieves best value, best probity in its procurement processes*

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# Background

## Title of Policy and Commencement Date

Procurement Policy which will be effective upon adoption by Council.

## Purpose of the Policy

Singleton Council is committed to “best value, best probity” in procurement. The purpose of this Policy is to ensure that Council achieves this in its procurement processes.

# Objective

## Objectives and Coverage of the Policy

As a result of using this Policy, all goods and services purchased by Singleton Council will represent:

* Excellent value for money over their life.
* Solutions to business needs that are truly “fit for purpose”.
* Choices made using the highest standards of probity.
* Strong green credentials.
* Opportunities for local business to act as a supplier to Council.

# Application

Council undertakes 3 major types of procurement activity:

## Simple Procurement – One Stage

Is a single stage process used for the acquisition of higher volume, low value goods (eg stationery). Purchasing may tap into the prices negotiated by tender panels established by the State Government or Councils working in partnership (Hunter Regional Procurement). It may also be related to the acquisition of services to a value of $10,000 or less including GST where only a single quote is required. This can involve the use of a procurement card to simplify matters.

## Simple Procurement – Two Stage

Is a two stage process where written quotations are required and a judgment made about the “best quality/best value” of the quotations offered to Council.

## Complex Procurement

Is a multi-stage process used to acquire more complex and/or high value and/or one-off specialist acquisitions. Depending on the nature of the goods or services being acquired, this would typically involve the preparation of a Tender Specification, the issue of the specification to the market and the assessment of the offers provided by the market.

From time to time, Council will undertake major procurement activities that are complex, high value and/or time sensitive.

Where the use of Council’s Procurement Risk Assessment indicates that there are high levels of risk associated with a particular project, then consideration should be given to the use of an external probity auditor.

The purpose of this is to ensure that high levels of technical advice are available to Council as well as “signing-off” on the approaches that Council is proposing to undertake in these circumstances.

There are various values that need to be kept in mind in procurement:

* Less than $10,000. Direct purchasing can take place, providing good value can be demonstrated.
* $10,000 plus to $150,000. Three quotations need to be obtained, with a judgment made on the “best value” offered.
* $150,000 plus. Tender process is required, either by way of public Tender, Local Government Vendorpanel or invited Tender of prequalified contractors through NSW Government.

# Definitions

There are a series of key principles and definitions that underpin our Procurement Policy:

* **Best Value** takes into account the “whole of life” costs of a purchase, rather than just considering initial purchase price. Best Value considers the purchase operating costs, the value of locally delivered on site service and (where relevant) possible sale price at the point of disposal as well as the actual costs of disposal. Consideration may also need to be given to the management costs of different procurement options, again consistent with whole of life costing.
* **Best Probity** means ensuring that our actions are transparent, accountable and that the use of the market is in an ethical manner to obtain “best value” purchases for Council.
* **Local Purchasing Preference** means that we make sure that we give local service providers the chance to compete for the provision of Council’s goods and services. As noted under “best value”, this means considering the value that a local supplier can add to a transaction via local support and service as well as the responsiveness of this service. Local suppliers may also be able to dispose of equipment at the end of its life in an effective manner.
* **Environmental Management** means making sure that environmental impacts of purchases are carefully considered. Where there are two products that offer similar performance, further consideration needs to be given such as operating costs (energy for instance) as well as the ability to recycle replacement parts and the ability to dispose of the asset in an environmentally responsible manner at the end of its life.
* **Procurement** means the process of choosing which goods and services best meet Council’s business needs.
* **Purchasing** means the actions of ordering and paying for the goods and services required by Council.
* **Quotation** means the price tendered by a supplier for particular goods and services.
* **Disposal** means the process of decommissioning and disposing of goods in an economically and environmentally sensitive manner.
* **Purchasing Authorities** means that nominated purchasers have defined purchase types and/or financial limits that they need to adhere to.
* **Simple Purchasing** covers two situations, as noted earlier:
  + Low value, high volume purchases;
  + Medium value, less frequent purchases.
* **Complex Procurement** covers the situation where high value, one-off purchases are required.
* **Tender Threshold** means the values that need to be observed in making a decision to go to market to acquire the required goods and/or services.

# Principles/Body

Purchasing and procurement have the ability to significantly contribute to Council’s bottom line as well as contributing to economic development in our local community.

This means that we carefully consider our business needs, actively search for innovative solutions and buy goods and services that anticipate “whole of life” operation and disposal.

We are also committed to a “buy local” policy where feasible: we know that local suppliers can compete effectively when “whole of life” costs are genuinely considered.

Singleton Council will develop an indicative annual procurement program and publish it, so that local business can anticipate Council purchasing needs.

Our suppliers also need to be aware of, and comply with, Council’s requirements for ethical behaviours. Further we require them to bring to our attention any issues where our performance is lacking in this regards.

We will also work with our fellow local councils to enjoy the benefits of purchasing in bulk so that we do, indeed, give life to “best value” concepts.

Over time, our purchases have increased in value, increased in number and increased in complexity.

To deal with this situation, we have developed a dedicated procurement risk assessment methodology that allows us to think through the issues and to truly move to “best value, best probity” standards.

# Relevant Legislation

* *Local Government Act 1993*
* Local Government (General) Regulation 2005
* *Government Information (Public Access) Act 2009*
* Tendering Guidelines for NSW Local Government (issued via Circular No. 09-39)

# Related and Associated Council Policy and Procedures

This Procurement Policy has been developed so that it is consistent with Council’s Vision and Mission.

In addition, it also acknowledges Council’s Corporate Values and Code of Conduct.

Other policies related to this include:

* Asset Disposals Policy – POL/6010
* Code of Conduct – POL/1011
* Competitive Neutrality and Complaints Handling Policy – POL/30003
* Enterprise Risk Management Policy – POL/9008
* Fraud Prevention Policy – POL/6007
* Gift and Benefits Policy – POL/9007

Other Council related documents include:

* Council’s Procurement Procedures Manual
* Statement of Business Ethics

# Responsible Officer / Policy Owner

Ownership of this policy rests with the Director Corporate Services Group.

# Responsibilities

All officers responsible for generating purchasing requests need to be fully aware of, and comply with, Council’s Procurement Policy. Where additional guidance is required they should consult with the Director Corporate Services Group.

The Director Corporate Services Group is responsible for leading “best practice” in procurement and purchasing across the organisation. As well as providing advice, the Director is responsible for advising on, and monitoring, all Complex Procurement Activity. He is also responsible for the rollout and maintenance of the Procurement Risk Management tool.

In addition, the Director Corporate Services Group is responsible for aggregating orders for low value, high volume purchases (eg. office supplies) so that Council can derive maximum benefits from buying in bulk.

## Managers and Team Leaders

Managers and Team Leaders have additional responsibilities. They are responsible for:

* Making sure that all officers responsible for generating purchasing requests understand their responsibilities.
* Making sure that staff undertaking major procurement projects have the knowledge, skills and experience necessary to undertake this task.
* Assessing current and emerging procurement risks.
* Checking to make sure that procurement risks are being managed and that workplace behaviours are consistent with corporate expectations.

## Executive Leadership Team

The Executive Leadership Team is responsible for leading by example and driving the organisational culture and behaviours in the requisite directions.

The NSW Code of Conduct for Senior Executives specifically talks about the need to “lead by example and encourage their staff members to exercise similar qualities of personal and professional behaviour” and that “staff and resources should be managed in a way that will, to the greatest extent possible, avoid the opportunity for unethical behaviour by others.”

The Executive Leadership Team also considers and approves all policies and procedures relating to procurement.

## The General Manager

As the administrative head of Council, the General Manager has a series of unique responsibilities.

The General Manager monitors the performance of procurement across the organisation and is also responsible for reporting any matter that is suspected on reasonable grounds to be “corrupt” to the Independent Commission Against Corruption.

All allegations of behaviours relating to fraud and corruption, maladministration and serious and substantial waste are referred to the General Manager. The General Manager then makes a decision about actions that should be taken to assess the situation, together with receipt and approval of an investigation plan before the commencement of any formal investigation actions.

The General Manager also reports the results of public tenders, and makes recommendations about high value purchases, to Council. In addition, the General Manager approves some lower value procurement decisions in light of Council directions and policies as well as delegating procurement and purchasing decision making to nominated officers across the organisation.

# Approval

As per cover sheet.

# Monitoring

This policy will be monitored by the Director Corporate Services Group to ensure compliance.

Council monitors and evaluates its success in procurement and to do this we:

* Test our control mechanisms through regular audits.
* Require Managers and Team Leaders to use our Procurement Risk Assessment Tool where complex, high value procurement is undertaken so that we actively manage our procurement risks.
* Update our policies and procedures in light of the above performance information.

# Review Date

This policy, once adopted, is to remain in force until it is reviewed by the Council. This policy is to be reviewed approximately every two (2) years to ensure that it meets legislative requirements.

# Last Review Date

Last review date 24 January 2005.

# Record Keeping, Confidentiality and Privacy

This policy is to be made available for public viewing as required under the *Government Information (Public Access) 2009, NSW.*

# Breaches and Sanctions

Any breaches of this Policy will be referred to the General Manager for appropriate action.