

POLICY:-	
Policy Title:	Procurement Policy
File Reference:	F10/618-015
Date Policy was adopted by Council initially:	18 November 2004
Resolution Number:	319/04
Other Review Dates:	19 March 2009, 16 December 2010, 15 December 2011, 20 April 2017, 15 July 2021
Resolution Number:	116/09, 472/10, 489/11 109/17, 118/21
Current Policy adopted by Council:	20 February 2025
Resolution Number:	22/25
Next Policy Review Date:	2028

PROCEDURES/GUIDELINES:-	
Date procedure/guideline was developed:	N/A
Procedure/guideline reference number:	N/A

RESPONSIBILITY:-	
Draft Policy developed by:	Procurement Coordinator
Committee/s (if any) consulted in the development of this Policy:	N/A
Responsibility for implementation:	Chief Executive Officer
Responsibility for review of Policy:	Director of Finance and Administration

PART 1 - INTRODUCTION

1. BACKGROUND

1.1 The Procurement Policy (Policy) sets out the principles for consistent and best practice for procurement of goods and services at Upper Lachlan Shire Council (Council). To assist staff, this policy has been updated to provide simple practical guidance on the minimum obligations of any staff or Council appointed Committee members, when spending public money. This policy must be used in conjunction with Council's Procurement Procedures, which comprise detailed, and specific requirements that governs Council's procurement.

2. OBJECTIVE

2.1 The objective of this Policy is to set out the principles and framework for Council's procurement activities and to ensure that Council is at all times compliant with the *Local Government Act 1993*, *Local Government (General) Regulations 2021*, Tendering Guidelines for NSW Local Government and Council's Code of Conduct in relation to the procurement of goods and services.

2.2 Through the application of this Policy, Council is committed to the following:-

- Obtaining value for money for the Community;
- Fairness, openness, transparency and accountability;
- Making environmentally sustainable decisions;
- Eliminating any conflicts of interest;
- Ensuring probity
- Monitoring and evaluating performance;
- Providing policy and guidance on procurement activities to ensure consistency;
- Improving Council's procurement governance framework;
- Minimising risk.

3. SCOPE

3.1 This Policy applies to all procurement, tendering and contracting activities undertaken by Council, other than statutory payments or payments for membership of regional or state organisations and is binding on **all** Council Officials (i.e. staff, contractors, consultants, Committee members and volunteers) who are involved in any aspect of procurement on behalf of Council. This policy should also be applied in conjunction with Council's Code of Conduct, Business ethics, Fraud and Corruption Prevention Policy, Gifts and Benefits Policy, and Disposal of Assets Policy.

4. DELEGATED AUTHORITY

4.1 In order to purchase goods and services on behalf of Council, a delegated authority is required from the Council's Chief Executive Officer. Numerous employees of Council are charged with financial delegations for the Purchasing and Procurement of Goods, Works and Services. Procurement activities must be carried out by Council Officials in accordance with the Instrument of Delegation and any specific delegations resolved by Council. Council Officials cannot authorise the expenditure of funds in excess of their financial delegation.

PART 2 - POLICY STATEMENT

5. PURCHASING PROCEDURES

5.1 Prescriptive purchasing procedures are located in Council's *Procurement Procedures and Guidelines* documentation.

5.2 The procedures outline Council's requirements when procuring goods and/or services on behalf of Council. Different requirements apply, depending on the total value of the supply. Refer to Council's *Procurement Procedures and Guidelines* for further details.

5.3 All procurement must be approved by a Council Official with the appropriate delegation before a supplier is engaged to provide goods or services to Council, unless an exemption applies. Goods and services obtained without an approved purchase order may be deemed to be unauthorised procurement.

5.4 Council Officials making a procurement on behalf of Council cannot raise and then approve the same purchase order. The initiator of a Purchase Order must not be the approver of the same.

5.5 Purchasing requirements includes quotations, EOI and/or RFQ for goods and services less than \$250,000.00 (GST Inclusive). Employees are to provide suppliers with Council's standard approved Purchase Order including Council's purchase order terms and conditions and/or Contract Number prior to commencement of supply.

5.6 Contract variations of more than 15% of the total contract value but not exceeding \$25,000 will require written approval from the Procurement Coordinator and relevant Director, or CEO. Council Officials should not proceed with the variation without written approval. Variations will be administered by a separate purchase order and suppliers will be required to issue a separate invoice to assist with audit and transparency.

5.7 The flowchart below sets out the minimum requirements for the processing of a Purchase Order.

Flow chart for Purchasing Process

(Contact Procurement Coordinator if you require further information, or refer to Authority User Manual for information on purchase order creation and requisitioning)

Please Note: the information set out below is the minimum required in order for a Purchase Order to be processed. If the documentation is not provided the receipt process cannot be completed and will be returned for correction or amendment.



Complete a procurement quote process, in accordance with competition limits and select a preferred supplier. Check the supplier is available in Authority, if not, request them to complete a New Supplier EFT form and return it to accounts@upperlachlan.nsw.gov.au



Enter the purchase details in Authority to create a purchase order.
(Check the GST codes).



Request the appropriate financial delegate to **Approve** your PO (**Do Not Self Approve**).
Purchase orders must be approved before engaging a supplier. (*).



Once the Purchase Order is approved, print or email to the supplier, together with the ULSC purchase order terms and conditions (if applicable).



When goods or services have been supplied, complete a Goods Receipt/delivery docket and return to Procurement or Accounts Payable for receipting.

The Receipting process requires the following documents:

- Supplier Invoice.
- Goods Receipt Docket or Supplier Delivery Docket(s)
- Copy of Purchase Order Print
- Copy of Quotes
- Any Hire Dockets/Truck/Shipping Dockets etc....

Email to procurement@upperlachlan.nsw.gov.au



Accounts payable batch the receipted invoices for payment.

Notes:

*The Procurement Procedures require that the staff member that requisitions or enters the purchase order is **NOT** the same person that approves the purchase order. This separation of duties is part of fraud mitigation processes necessary for all procurement activities.

** The originator of the purchase order (requisitioner) is responsible for checking and verifying that the goods/ services have been delivered in accordance with the Purchase Order and that Goods Receipt documentation has been completed.

***All goods or services supplied to Council must have an APPROVED purchase order prior to being supplied.

6. TENDERING PROCEDURES

6.1 Public tenders are *mandatory* for purchases, under *Section 55 (1) (2) of Local Government Act 1993*, where the total anticipated expenditure is \$250,000 (GST inclusive) or above over more than one accounting period. Council may also choose to tender for purchases below this limit.

6.2 Detailed tender procedures and a tender assessment checklist are contained in Council's Procurement Procedures and Guidelines.

6.3 It is noted that the process for public tendering may be waived when dealing with prescribed NSWBuy Government Contracts, Local Government Procurement (LGP), Disability Employment Organisations or Procurement Australia Contracts. Advice on this may be sought from Council's Chief Financial Officer and Council Procurement Coordinator.

6.4 Exemptions to tender requirements, under *Section 55 (3) of the Local Government Act 1993*, includes; purchases for emergency situations and procurement by a local council to other councils.

7. PROCUREMENT PROTOCOLS

7.1 Ethics and Probity

All Council Officers must comply with the standards of integrity, probity, professional conduct and ethical behaviour established by Council's *Code of Conduct*, Code of Business practices and Guidelines issued by ICAC.

Council officials must disclose **ANY** potential or actual conflict of interest (whether pecuniary or non-pecuniary) in order to protect the public interest and prevent breaches of public trust.

Council has adopted a Code of Business Practice which sets out the standards of behaviour that Council expects from its private/public partners.

Probity auditors/advisors may be commissioned where deemed appropriate by Council's Chief Executive Officer, in circumstances where additional professional knowledge, experience or independent recommendation is required.

7.2 Fraud and Corruption Principles

Council has a Fraud and Corruption Prevention Policy that underpins this Policy and details responsibilities of positions within Council and the community. It also outlines steps involved in identifying, investigating, reporting and taking action around fraud and corruption.

The principal elements of Council's Fraud and Corruption Prevention Policy are:-

- Preventing fraud at its origin, in particular, implementing effective control structures and procedures that aim to eliminate the prospect of fraud occurring;
- Making all staff, Councillors, contractors to Council and volunteers

aware of their obligation to act ethically and to follow Council's Code of Conduct at all times;

- Making all contractors and those dealing with Council aware of the ethical standards that Council applies and of the ethical standards of others in their dealings with Council;
- Committing to a policy of detection, investigation and prosecution of individual cases of fraud; and
- Respecting the civil rights of employees and members of the public and committing to natural justice.

7.3 Value for Money

Value for money does not necessarily mean selecting the proposal with the lowest price, nor the highest quality of goods or services. It is the most advantageous combination of cost, quality and sustainability to meet Council's requirements.

Council will consider a range of factors relevant to the proposed contract, including but not limited to: price, capacity, capability, risk, fit for purpose, reliability, locality, quality and whole of life costs when selecting products and services.

7.4 Information Management

All substantive communications with potential suppliers in respect of procurement and purchasing should be in writing and/or formal minuted meetings. Records for all procurement activities must be kept and recorded in Council's records management system and Council's corporate finance system and done so in accordance with the State Records Act 1998 (NSW). This will ensure an audit trail is available for monitoring compliance and reporting purposes.

7.5 Gifts and Benefits

Council Officials will avoid situations that would give rise to the appearance that a person or body is attempting to secure favorable treatment or benefit from the Council official or Council through the provision of gifts, benefits or hospitality of any kind to the Council official or someone with whom they are closely associated. Council Officials must comply with Council's Bribes, Gifts and Benefits Policy.

7.6 Lobbying

Canvassing of Council Officials by tenderers or their agents is not permitted and may result in disqualification from the tender process.

7.7 Local Supplier Support

Council currently does not have a Local Preference Policy.

7.8 Risk Management

Managing risk is fundamental to effective procurement. Risk management is as much about identifying opportunities as avoiding and mitigating losses. Identification, analysis, assessment, treatment and monitoring of risk in procurement will contribute to successful outcomes.

Ensure segregation of duties in the requisitioning, approval and payment functions to minimise fraud risks.

Council Officers should consider not just the purchase price but also the availability and whole of life costs including those associated with acquisition, implementation, running, maintenance, depreciation, decommissioning and disposal.

Council Officials must not split a single procurement value intentionally to divide it into two or more purchase orders or contracts to avoid review, competitive selection, or bring it within limits of their financial delegation.

Council Procurement Coordinator is to maintain a Contract Register and register of procedures for evaluation, including clear guidelines of expectations for contractor performance and maintenance by contractors of agreed insurance and liability coverage.

8. SUSTAINABLE PURCHASING

8.1 Council supports a sustainable procurement quadruple bottom line approach around civic leadership, social, environmental and economic pillars by incorporating these within planning activities.

8.2 Consideration will be given to areas such as:-

- Minimising greenhouse gas emissions, waste, habitat destruction, soil degradation and toxicity;
- Maximising water efficiency.

9. WORKPLACE HEALTH AND SAFETY

9.1 All contractors of Council must adhere to relevant Work Health and Safety (WHS) 2011 legislation. WHS performance will be monitored and reviewed to ensure continued adherence to legislation and relevant Council policies and procedures.

10. ADMINISTRATION OF THIS POLICY

10.1 General enquiries in regard to this Policy should be directed in the first instance to Council's Procurement Coordinator.

10.2 Council will deal promptly with any concerns or complaints regarding this Policy. Any issues should be directed in writing to the Chief Executive Officer.

RELEVANT LEGISLATIVE INSTRUMENTS

- *Local Government Act 1993;*
- *Local Government (General) Regulations 2021;*
- *Tendering Guidelines for NSW Local Government;*
- *Independent Commission Against Corruption Act 1988;*
- *Ombudsman Act 1974;*
- *Work Health and Safety Act 2011;*
- *Public Interest Disclosures Act 1994;*
- *Local Government Code of Accounting Practice and Financial Reporting;*
- *Government Information (Public Access) Act 2009;*
- *Waste Avoidance and Resource Recovery Act 2001;*
- *Related Party Transaction Act 2016;*
- *Privacy and Personal Information Protection Act 1998;*
- *State Records Act 1998;*
- *Modern Slavery Act 2018.*

RELATED POLICIES, PLANS AND PROCEDURES

- Code of Conduct
- Procurement Procedures and Guidelines
- Audit, Risk and Improvement Committee/Charter
- Code of Business Practice
- Corporate Credit Card Policy
- Delegations of Authority Policy and Procedure
- Disposal of Council Assets Policy
- Disposal of Council Real Estate Policy
- Government Information (Public Access) Policy
- Internal Control Policy and Procedures
- Internal Audit and Risk Management Policy
- Work Health and Safety Policy
- ICAC Guidelines
- Fraud and Corruption Prevention Policy
- Fraud and Corruption Prevention Plan
- Records Management Policy
- Bribes, Gifts and Benefits Policy

VARIATION

Council reserves the right to vary or revoke this Policy in accordance with changes to Legislation and/or Council Policies and Procedures.