

## POLICY REGISTER

<b>PURCHASING POLICY</b>			
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This document is to be reviewed every council term. Next review date: June 2020			
<b>RESPONSIBLE OFFICER</b>			General Manager

### PART 1: INTRODUCTION

This policy document has been written to standardise and co-ordinate purchasing and disposal practices and procedures at Riverina Water County Council in the purchasing of goods and services

#### 1.1 Policy Objectives

The purpose of this policy is to outline the purchasing and asset disposal standards of Riverina Water County Council (RWCC) and to provide a guide to employees and agents of the Council for purchasing.

The following principles should be observed when purchasing goods and services for Council;

- Compliance with the Local Government Act 1993 and relevant Regulations;
- Ethical behaviour and fair dealing;
- Value for money;
- Open and effective competition;
- Business needs being met.

#### 1.2 SCOPE:

This policy applies to all Riverina Water County Council employees and agents authorised to purchase goods and services on behalf of the Council.

RWCC personnel are not to commit the organisation to the purchase of goods and services other than in accordance with the policy and budget. As a rule, purchase orders are required to be raised prior to purchase of goods and services.

Goods and services purchased as part of a tender can be obtained on issue of a letter of acceptance. Purchase orders must follow in order to record committal of costs.

Council is required to call tenders for goods or services with an estimated value exceeding the NSW Office of Local Government tender limit of \$150,000.

This policy does not apply to goods and services purchased:

- From internal Council sources;
- In an emergency;
- By contractors or subcontractors of Council.

### **1.3 Legislative Context**

The procurement of goods and services by Council must be in accordance with the provisions of s55 of the Local Government Act 1993 and the Local Government (General) Regulation 2005.

### **1.4 Related Documents**

Statement of Business Ethics

Gifts and Benefits Policy

Code of Conduct

Schedule of Delegations

Corporate Credit Card Policy

## **PART 2: POLICY CONTENT**

### **2.1 General Provisions**

All goods and services are to be purchased using the appropriate order form except in the following circumstances:

- Insurances
- Professional fees when a written instruction has been issued
- Fees imposed under an Act of Parliament
- Petty cash purchases
- Corporate credit card purchases
- Fuel card purchases

If it is impractical to issue the appropriate order form due to an urgent situation prior to the event, a confirmation order should be issued as soon as practical after the event.

### **2.2 Specific Provisions:**

The following specific provisions apply under this policy;

- *Petty Cash*: May be used for one-off or urgent purchases of goods with a value of less than \$100 where such goods are not available through inventory. Staff should use their knowledge of the market to ensure they secure value for money.
- *Corporate Credit Cards*: May be used in accordance with Council's Corporate Credit Card Policy.
- *Existing Supplier Arrangements*: Where Council has existing arrangements with a particular supplier or contractor, and it is in Council's best interests to continue using such a supplier or contractor for ongoing or related services, Council may engage such a supplier or contractor for such ongoing or related services, provided such engagement is authorised by both the General Manager and Director of Engineering and, if over \$10,000, is reported to Council at the earliest opportunity.

## 2.3 Levels of Ordering:

### (a) State Government Contract

Orders or contracts may be authorised by Council Officers who have delegated financial decision-making power by the General Manager where the supplies, consultants or professional services are provided under a State Government contract.

### (b) All Other Purchasing Arrangements

In all other situations the following limitations apply:

- Purchases under \$1,000** May be authorised by those Council officers who have been delegated financial decision making power by the General Manager. Staff may proceed with at least one verbal quotation, subject to:
- the purchase being within that employee's responsible area and within budgeted amounts. If a purchase is outside of the employee's usual responsible area, or is of an out of the ordinary, one-off nature – the relevant manager must authorise the purchase order;
  - prices/rates being considered reasonable;
  - prices/rates being consistent with comparable, usual or standard market or professional industry scale prices or rates for such goods, services, consultancies etc.
- Purchases from \$1,000 to \$5,000** May be authorised by those Council officers who have been delegated financial decision making power by the General Manager. Staff may proceed with at least one written quotation, subject to:
- the purchase being within that employee's responsible area and within budgeted amounts. If a purchase is outside of the employee's usual responsible area, or is of an out of the ordinary, one-off nature – the relevant manager must authorise the purchase order;
  - prices/rates being considered reasonable;
  - prices/rates being consistent with comparable, usual or standard market or professional industry scale prices or rates for such goods, services, consultancies etc.; and
  - all quotations being obtained in writing (email / fax are acceptable).
- Purchases from \$5,000 to \$10,000** May be authorised by those Council officers who have been delegated financial decision making power by the General Manager. Staff may proceed after seeking at least 2 written quotes, subject to:
- the purchase being within that employee's responsible area and within budgeted amounts. If a purchase is outside of the

employee's usual responsible area, or is of an out of the ordinary, one-off nature – the relevant manager must authorise the purchase order;

- prices/rates being considered reasonable;
- prices/rates being consistent with comparable, usual or standard market or professional industry scale prices or rates for such goods, services, consultancies etc.; and
- all quotations being obtained in writing (email / fax are acceptable).

**Purchases from \$10,000 to \$150,000**

May be authorised by those Council officers who have been delegated financial decision making power by the General Manager. Staff may proceed after seeking at least 3 written quotes, subject to:

- the purchase being within that employee's responsible area and within budgeted amounts. If a purchase is outside of the employee's usual responsible area, or is of an out of the ordinary, one-off nature – the relevant manager must authorise the purchase order;
- prices/rates being considered reasonable;
- prices/rates being consistent with comparable, usual or standard market or professional industry scale prices or rates for such goods, services, consultancies etc.; and
- all quotations being obtained in writing (email / fax are acceptable).

**Purchases over \$150,000**

Public tenders shall be invited in accordance with the Local Government Act 1993 (Section 55) and the Local Government (Tendering) Regulation 1993 and a written specification detailing the Council's requirements.

**Exceptions to the Requirement to Seek Tenders or Quotations:**

Section 55(3) of the NSW Local Government Act 1993 specifies:

*(3) This section does not apply to the following contracts:*

*(a) subject to the regulations, a contract for the purchase of goods, materials or services specified by a person prescribed by the regulations made with another person so specified, during a period so specified and at a rate not exceeding the rate so specified*

*(b) a contract entered into by a council with the Crown (whether in right of the Commonwealth, New South Wales or any other State or a Territory), a Minister of the Crown or a statutory body representing the Crown*

*(c) a contract entered into by a council with another council*

*(d) a contract for the purchase or sale by a council of land*

*(e) a contract for the leasing or licensing of land by the council, other than the leasing or licensing of community land for a term exceeding 5 years to a body that is not a non-profit organisation (see section 46A)*

*(f) a contract for purchase or sale by a council at public auction*

*(g) a contract for the purchase of goods, materials or services specified by the NSW Procurement Board or the Department of Administrative Services of the Commonwealth, made with a person so specified, during a period so specified and at a rate not exceeding the rate so specified*

*(h) a contract for the employment of a person as an employee of the council*

*(i) a contract where, because of extenuating circumstances, remoteness of locality or the unavailability of competitive or reliable tenderers, a council decides by resolution (which states the reasons for the decision) that a satisfactory result would not be achieved by inviting tenders*

*(j) contract for which, because of provisions made by or under another Act, a council is exempt from the requirement to invite a tender*

*(k) a contract made in a case of emergency*

*(l) a contract to enter into a public-private partnership*

*(m) if a council has entered into a public-private partnership-a contract entered into by the council for the purposes of carrying out a project under the public-private partnership (but only to the extent that the contract is part of the project that has been assessed or reviewed under Part 6 of Chapter 12)*

*(n) a contract involving an estimated expenditure or receipt of an amount of less than \$100,000 or such other amount as may be prescribed by the regulations*

*(o) a contract that is an environmental upgrade agreement (within the meaning of Part 2A)*

*(p) a contract or arrangement between a council and the Electoral Commissioner for the Electoral Commissioner to administer the council's elections, council polls and constitutional referendums.*

### **Tenders from Selected Persons:**

The following purchasing arrangements may be established to comply with Section 55(4) of the NSW Local Government Act 1993:

(4) A council that invites tenders from selected persons only is taken to comply with the requirements of this section if those persons are selected:

- (a) from persons who have responded to a public advertisement for expressions of interest in the particular contract for which tenders are being invited, or
- (b) from persons who have responded to a public advertisement for recognition as recognised contractors with respect to contracts of the same kind as that for which tenders are being invited.

### **Standing Offer Arrangement or a Preferred Supplier Arrangement:**

Council may establish and use a standing offer arrangement or a preferred supplier arrangement if:

- the supply of goods or services is needed in large volumes or frequently;
- it is able to obtain better value for money by aggregating demand for the goods or services needed; and
- the requirement for the goods or services can be stated in terms that would be well understood in the industry concerned.

### **Establishing and Using a Register of Pre-Qualified Suppliers:**

Council may establish and use a register of pre-qualified suppliers if:

- it would be costly to prepare and evaluate invitations each time the goods or services were needed; or
- the capability or financial capacity of the supplier is critical; or
- there are significant security considerations; or
- compliance with defined standards is a pre-condition of offer to contract; or
- the ability of local business to supply the goods or services needed by the local government needs to be found out or encouraged.

### **Purchasing Arrangements to be for a Maximum of Two Years:**

Council may enter a purchasing arrangement for longer than two years only if it is satisfied that better value will be achieved by entering into a longer arrangement.

## **BUSINESS ETHICS**

Riverina Water County Council expects all its representatives, staff and Councillors to abide by its Statement of Business Ethics (Policy 1.4)

### **Who to Contact**

If an apparent breach of any agreed standard of ethical conduct is identified, then the matter should be immediately brought to the attention of the General Manager or the Public Officer on (02) 6922-0608.

### **REFERENCES**

Work Health and Safety Act 2011

Work Health and Safety Regulation 2011,

Local Government Act, 1993

Local Government (General) Regulation 2005

OLG Tendering Guidelines for NSW Local Government - October 2009