

Procurement Policy

Purpose

The purpose of this policy is to outline the purchasing standards of Riverina Water County Council (Riverina Water) and to provide a guide to officials of Riverina Water for purchasing.

Policy Statement

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

The following principles should be observed when purchasing goods and services for Riverina Water:

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

Scope

This policy applies to all Riverina Water officials authorised to purchase goods and services on behalf of Riverina Water

Riverina Water officials are not to commit the organisation to the purchase of goods and services other than in accordance with this policy, their delegations, and approved 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, to record committal of costs.

Riverina Water is required to call tenders for goods or services with an estimated value exceeding the NSW Office of Local Government tender limit of \$250,000 (including GST)

This policy does not apply to goods and services purchased:

- In an emergency
- By contractors or subcontractors of Riverina Water

Legislative Context

The procurement of goods and services by Riverina Water must be in accordance with the provisions of Section 55 of the Local Government Act 1993 and the Local Government (General) Regulation 2021.

Definitions

Asset	Any item of property owned by Riverina Water.
Compliance	Adherence to relevant governance requirements.
Riverina Water official	Staff, board members, contractors, volunteers
Emergency	a serious, unexpected, and often dangerous situation requiring immediate action
GST	Goods and Services Tax.
Preferred supplier	A supplier appointed as a result of a market appraisal or prequalification assessment.
Procurement	The end-to-end process from identification of a requirement to the disposal of the acquisition at the end of its useful life (in the case of goods) or the completion of obligations (in the case of services).
Standing Offer	A standing offer is an offer from a potential supplier to provide goods and/or services at pre-arranged prices, under set terms and conditions, when and if required.
Tender	As defined in the Local Government Act. May take the form of open or selective tenders.
Written quote	A written submission from a supplier that specifies the cost of supplying goods or services which may include a record of a published price from a supplier's website or catalogue.

Principles

1. General Provisions

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

- Insurances
- 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. Specific Provisions

The following specific provisions apply under this policy.

2.1 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.

2.2 Corporate Credit Cards

May be used in accordance with Riverina Water's Corporate Credit Card Policy.

3. Levels of Ordering

3.1 State Government Contract

Orders or contracts may be authorised by Riverina Water officers who have delegated financial authority approved by the CEO, where the suppliers, consultants or professional services are provided under a State Government contract.

3.2 All other Purchasing Arrangements

Taking into consideration Section 4 - Cumulative Spend, in all other situations the following limitations apply:

**Purchases under \$2,000
(GST inclusive)**

**Are to be authorised by those Riverina Water
officers who have delegated financial authority by
the CEO.**

**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
- 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 \$2,001 to \$10,000
(GST inclusive)**

Are to be authorised by those Riverina Water officers who have delegated financial authority by the CEO. 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
- 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.

**Purchases from \$10,001 to \$20,000
(GST inclusive)**

Are to be authorised by those Riverina Water officers who have delegated financial authority by the CEO. 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

- 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.

**Purchases from \$20,001 to \$249,999
(GST inclusive)**

Are to be authorised by those Riverina Water officers who have delegated financial authority by the CEO. 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;
- 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.

**Purchases \$250,000 and over
(GST inclusive)**

Prescribed agency purchase or Tender in accordance with the Local Government Act 1993 (Section 55) and the Local Government (Tendering) Regulation 1993.

The financial delegations of Riverina Water staff are specified in the Procurement Procedure.

4. Cumulative Spend

The likely total cumulative value of a procurement activity, or a category of activity for which there are several suppliers providing similar goods, services or works, must be considered during the planning phase of a procurement. Cumulative spend will be calculated over the financial year, or two (2) or more financial years where supply arrangements are ongoing.

Riverina Water should, wherever possible, leverage this cumulative spend, rather than treating each discrete arrangement as a separate procurement, to achieve greater value for money. Riverina Water must proactively identify opportunities for aggregation.

5. Exceptions to the Requirement to Seek Tenders or Quotations

5.1 Tender Exemption

Section 55(3) of the [NSW Local Government Act 1993](#) specifies the exceptions to the requirement to seek tenders.

5.2 Quotations Exemption

In exceptional circumstances where the required quotations in line with policy cannot be obtained, for example, there is not any viable alternative products, suppliers, or service providers, or it is in Riverina Water's best interests to continue using such a supplier or contractor for ongoing or related services, a Quotation Exemption Form must be completed and submitted to the CEO for approval.

6. Tenders from Selected Persons

Purchasing arrangements may be established to comply with Section 55(4) of the NSW Local Government Act 1993.

7. Standing Offer Arrangement or a Preferred Supplier Arrangement

Riverina Water 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 can 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.

8. Establishing and Using Register of Pre-Qualified Suppliers

Riverina Water 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 are 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 Riverina Water needs to be established or encouraged.

9. Purchasing Arrangements Durations

It is recommended that Riverina Water only enter purchasing arrangements for a period of two years or less to ensure regular review and value for money.

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

Business Ethics

Riverina Water expects all its officials and Riverina Water suppliers to abide by its Statement of Business Ethics.

Policy Implementation

This policy will be implemented immediately upon adoption. A copy will be available on Riverina Water's website and provided to all staff.

There are no specific reporting requirements for this policy.

Non-Compliance

Regular monitoring of compliance with this policy, relevant legislation and Riverina Water policies and procedures will be undertaken and documented by the responsible officer for this policy.

Breaches of this policy are breaches of Riverina Water's Code of Conduct and notification will be made to the CEO.

Policy number	4.20
Responsible area	Finance & Sourcing
Approved by	Riverina Water Board - Res 23/015
Approval date	23 February 2023
Legislation or related strategy	Work Health & Safety Act 2011 Work Health & Safety Regulation 2011 Local Government Act, 1993 Local Government (General) Regulation 2021 OLG Tendering Guidelines to NSW Local Government
Documents associated with this policy	Statement of Business Ethics Code of Conduct Schedule of Delegations Corporate Credit Card Policy Asset Disposal Policy Quotation Exemption Form
Policy history	Original: 24/08/2011 11/94 Revision 0: 23/04/2014 14/68 Revision 1: 22/6/2016 16/86 Revision 2: 21/08/2019 19/111
Review schedule	Every Council Term

Policy details may change prior to review date due to legislative or other changes, therefore this document is uncontrolled when printed.

END OF POLICY STATEMENT