

# Procurement Policy

## Purpose

This policy has been written to standardise and co-ordinate purchasing practices and procedures at Riverina Water and to provide guidance to buyers.

## Policy Statement

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 unless in the case of an emergency.

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

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.
Modern Slavery	Modern Slavery occurs when individuals are exploited through coercion, threats or deception and deprived of their freedom. Examples include human trafficking, forced labour, debt bondage and child labour.
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).
Prescribed Organisation	An organisation prescribed in the Local Government Act (NSW) 1993 under Section 55 (3) (a)
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.
The Crown	An entity referred to in the Local Government Act (NSW) 1993 under Section 55 (3) (b)
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 purchase order except in the following circumstances:

- Insurances
- Fees imposed under an Act of Parliament
- Corporate credit card purchases
- Fuel card purchases
- Electricity

If it is impractical to issue the appropriate purchase order due to an emergency 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 Corporate Credit Cards

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

### 3. Levels of Ordering

#### 3.1 Prescribed Agency or State Government contract

Staff are encouraged to seek quotations from suppliers on Prescribed Agency or State Government panel contracts as they are pre-qualified (having been through a tendering process). Staff must always demonstrate they are obtaining value for money for Riverina Water and follow the purchasing thresholds listed in this policy.

#### 3.2 All other Purchasing Requirements

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

Value of Expenditure	Riverina Water Requirements
0 - < \$2,000	At least 1 quotation (written or verbal)
\$2,001 - < \$10,000	Minimum 1 written quote
\$10,001 - < \$20,000	Minimum 2 written quotes
\$20,001 - < \$100,000	Minimum 3 written quotes

\$100,001 - <\$249,999	A competitive process managed by the Procurement Coordinator inviting at least 3 submissions must be undertaken, via Vendor Panel or public advertising. A detailed specification must be completed prior to advertising and a weighted assessment method must be conducted and documented for <u>all</u> procurements in this range.
\$250,000 and over	<p><b>Prescribed agency purchase or Tender</b> managed by the Procurement Coordinator in accordance with the Local Government Act 1993 (Section 55) and the Local Government (Tendering) Regulation (2021).</p> <p>Chief Executive to approve method of Tendering and approval must be sought prior to going out to Tender.</p>

All purchases are to be approved by those Riverina Water officers who have delegated financial authority by the CEO and are subject to the following:

- a) The purchase shall be 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);
- b) Prices/rates being considered reasonable;
- c) Prices/rates being consistent with comparable, usual or standard market or professional industry scale prices or rates for such goods, services, consultancies etc.;
- d) Under no circumstances are orders to be split so that the total value of the order falls under the amount of the individual's delegated authority level; and
- e) All prices are GST Inclusive

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 practical, 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. Exemptions to the Requirement to Seek Tenders or Quotations**

### **5.1 Tender Exemption**

Section 55(3) of the NSW Local Government Act 1993 specifies the exemptions to the requirement to seek tenders. These are exemptions to tendering only. Riverina Water staff are still required to follow the purchasing requirements listed above to demonstrate obtaining value for money. Quotations can be sought from the organisations referenced in Section 55(3)(a) and (b) and staff are encouraged to use them as they negate the need for a full tendering process due to contractors being pre-qualified (i.e. having already been through a tendering process).

### **5.2 Quotation Exemptions**

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 of contractor for ongoing or related services, a Quotation Exemption Form must be completed.

## **6. Modern Slavery**

Riverina Water is committed to ensuring its operations and supply chains do not cause, involve, or contribute to modern slavery; and its suppliers, relevant stakeholders, and others with whom we do business respect and share our commitment regarding minimising the risk of modern slavery.

## **7. Standing Offer Arrangement | Preferred Supplier Arrangement | Pre-Qualified Suppliers**

Riverina Water may establish a standing offer arrangement, a preferred supplier arrangement or use pre-qualified suppliers following a tender process 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.
- 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 to Riverina Water's operations; 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 required by Riverina Water needs to be encouraged.

## **8. Purchasing Arrangements Durations**

It is recommended that Riverina Water only enter purchasing arrangement 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.

## **9. Contractor Performance**

Contractor performance shall be monitored and documented at regular intervals throughout the delivery of a project.

## **10. Business Ethics**

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

## **11. Insurance**

Various levels of insurance are required to be held both during the delivery of a project and for a period after completion. Staff shall ensure a risk-based process is used to determine the insurance requirements for each tender or quotation whilst planning for a procurement.

## **12. 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.

## **13. Non-Compliance**

Riverina Water policies are mandatory. Any departure from this policy is to be documented and approved by the CEO. A policy review may be conducted out of the review cycle at the request of the CEO.

Should a departure of policy occur that has not been approved and documented, notification should be made to the CEO and Governance as a breach of the Code of Conduct 3.1 (b) that

states “You must not conduct yourself in a manner that is contrary to statutory requirements or the council’s administrative requirements or policies”.

**Policy number**
**4.20**

Responsible area

Finance &amp; Sourcing

Approved by

Riverina Water Board – Res 25/076

Approval date

26 June 2025

Legislation or related strategy

Work Health &amp; Safety Act 2011

Work Health &amp; Safety Regulation 2011

Local Government Act, 1993

Local Government (General) Regulation 2021

OLG Tendering Guidelines to NSW Local Government

Modern Slavery Act 2018 (NSW)

Modern Slavery Act 2018 (Cth)

Documents associated with this policy Statement of Business Ethics

Code of Conduct

Schedule of Delegations

Corporate Credit Card 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

Revision 3: 23/02/2023 23/015

Review schedule

Every 2 years



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**