

Procurement

Purpose

Yass Valley Council is committed to effective, efficient, economical and sustainable procurement policies and procedures to ensure that goods and services (including consultancies) are of high quality, sufficient and fit for purpose. They also ensure we obtain the best value for money for Council, our residents and ratepayers.

Policy Objective

To document clear guiding principles for the procurement of goods and services that will:

- ensure best value for money and cost effectiveness;
- meet the needs of the community;
- promote good management practices;
- ensure transparency and probity;
- support the local economy; and
- ensure legislative compliance, including WH&S and hazard identification.

Scope

This policy applies to all purchases of goods and services by Council staff.

Definitions

Term	Meaning
Procurement	Procurement – deals with the identification of needs, sourcing activities, negotiation and the strategic selection of goods and services that are of importance to an organisation. It involves selecting vendors, establishing payment terms, strategic vetting, selection, negotiation of contracts, the actual purchasing of goods and services, and post-contract activities such as contract and supplier management. That is, procurement covers all the activities involved in acquiring the goods and services that are vital to Council.
Purchasing	Purchasing – a subset of procurement. Purchasing refers simply to the transactional processes of buying goods or services, including receiving and payment."

1. Policy Provisions

1.1 Transparency and Fairness

Open and effective competition is to be achieved by ensuring that activities are visible to the Council, community and persons seeking to do business with the Council by ensuring:

- there is no bias or favouritism;
- competition is encouraged, and persons seeking to do business with the Council are provided with reasonable opportunity to submit quotations and offers;
- Council officers responsible for procurement maintain their independence and act in accordance with Council's Code of Conduct;
- that all conflicts of interest, real or perceived, are declared and managed; and
- compliance with Council's Statement of Business Ethics and other relevant Council policies/protocols

1.2 Exclusions

Not all aspects of this policy will apply to procurement:

- of legal or ongoing consulting services as determined by the General Manager in instances where it is necessary for service providers to have an ongoing knowledge of the affairs of Yass Valley Council in order to provide an effective and informed service; or
- from other Government agencies, including Local Government Procurement; or
- under a NSW State purchasing/contracting arrangement.

1.3 Selection Criteria

The following standard selection criteria will be used in assessing all quotations, tenders and expressions of interest.

- Total Whole of Life Cost
- Capability and Experience
- WH&S, Risk Management and Quality
- Environment and Community
- Local Content

Weighting percentages may be varied if considered appropriate for the goods or services being procured.

Council will actively support local businesses whilst providing opportunities for suppliers from outside the Yass Valley Council Local Government Area to submit competitive bids.

The use of local content in the selection criteria within tendering and procurement should be used to make an informed assessment of a submission's direct benefit to the local economy. The amount and/or type of local content will be assessed using the selection criteria framework.

1.4 Quotations

Procurement of all goods, material, equipment, works and services by staff shall occur with the appropriate financial delegation with the following number of quotations:

Value (including GST)	Minimum No.	Type
< \$1,000	1	Verbal
\$1,000 - \$20,000	2	Written
\$20,000 - \$50,000	2	Written Written specifications required
\$50,000 - \$250,000	3	Written Written specifications required
>\$250,000	Tender	Complete tender suite of documentation

For purchases under \$1,000, the sighting of a price tag or online price is deemed to represent a quotation by the supplier. The officer responsible for the purchase must be able to demonstrate that the amount paid represents value for money.

When undertaking any procurement, staff may source quotations in addition to the requirements of this Policy. The thresholds listed above should be considered the minimum requirements.

Council staff must ensure approval is obtained for the full value of any procurement. Where a cumulative spend is anticipated to exceed \$250,000 (including GST) in any one financial year, a tender process must be undertaken. Any deliberate action to avoid procurement thresholds set out at 4.4 may result in disciplinary action.

2. Expressions of Interest

All EOI's are conducted in the same way as tenders, following the principles of Section 55 of the Local Government Act 1993 and the Local Government (General) Regulation 2005.

- A Director must approve the use of an EOI.
- Expressions of Interest are called to:
 - Identify an unknown market
 - Allow the market to suggest possible means of delivery for incorporation into a detailed specification.
 - Shortlist prospective bidders who are most capable of completing the required contract.
 - Minimise time, effort and cost for all parties in preparing complex submissions.
 - Establish a panel of Contractors to be engaged in low value procurements over a period of time

3. Tendering

Tenders shall be called when the cumulative value of works is expected to be in excess of \$250,000 (including GST). The tender process may also be used in other circumstances for works of a lesser value where it is determined that it would be an effective method of procurement. Council must approve all tenders in accordance with the Local Government Act and Regulations.

4. Variations to Policy

Where it is not practical or possible to adhere to this policy (eg. emergency situations, unable to source the required number of quotations), the reasons for such variance will be documented and the approval to proceed with the procurement must be authorised by the General Manager or the relevant Director. Significant variations to the Policy should be reported to Council. Council is not able to vary the requirements for tendering as outlined in the *NSW Local Government Act 1993*.

5. Sustainability

Environmentally preferred products shall be favoured whenever they achieve the same function and value for money outcomes.

6. Assessment of Submissions

- 6.1 All relevant selection criteria must be assessed and only then will the appropriate goods or services be selected representing the best 'value for money' solution from the submissions received.
- 6.2 If the overall assessment results in more than one supplier being ranked equally, the supplier with the highest score for local content will be the preferred submission, quote or supplier.
- 6.3 All quotations received for goods and services to a value less than \$250,000 (including GST) will be assessed using relevant selection criteria in accordance with the thresholds set out in 4.4. A recommendation will be formulated and is then subject to the financial approval limits as contained in the Delegations Register.
- 6.4 A Tender Panel will be formed to evaluate all tenders and related EOI responses and will consist of at least three representatives. At least one panel member should be independent of the area undertaking the procurement. The responsible manager will select the Tender Panel representatives depending on the type of goods and services to be procured.

7. Value for Money

The principle of value for money is the foundation for Council's business relationships with all sector suppliers of goods and services. This does not necessarily mean that best value for money equates to the lowest price. Council will balance all relevant factors including quality, reliability, timeliness, whole-of-life costs, and initial capital cost.

8. Responsibilities & Review

Employees:

- Must not commit Council to any expenditure in contradiction of this policy
- Must not commit Council to any expenditure that is beyond their financial delegation
- Seek Directors approval for use of an EOI

Unit Managers and Coordinators:

- Are responsible for compliance with this policy within the area of their responsibility

Directors:

- Will approve the use of an EOI for procurement

The Chief Financial Officer:

Provide all necessary administrative support for the operation of this policy

- Develop and document any procedures for the effective implementation of this policy
- Keep sufficient records to enable monitoring of compliance with this policy and provide information required for Integrated Planning and Reporting purposes and internal organisational performance measurement.
- Review this policy during each term of Council. The next review date is 2021.

References

This policy is to be read in conjunction with the following:

Legislation	<i>Local Government Act 1993</i>
	<i>Local Government (General) Regulations 2005 – Sect 7 Tendering</i>
	Council Code of Conduct
	Delegations Register
	OLG – Tendering Guidelines for NSW Local Government – October 2009
	GOV-POL-5 Statement of Business Ethics
Policies and procedures	<i>Public Sector Management (Goods and Services) Regulation 2000</i>
	FM-OP-52 Purchasing Guidelines

Approval History

Stage	Date	Comment	MagiQ Reference
Original	25 August 2010	Adopted at Council Meeting	Min 334
Reviewed	25 July 2012	Adopted at Council Meeting	Min 336
Reviewed	25 March 2015	Adopted at Council Meeting	Min 376
Reviewed	26 September 2018	Adopted at Council Meeting	Min 207
Reviewed	26 August 2019	Adopted at Council Meeting	Min 188 Magiq 337862

Ownership and Approval

Responsibility	Role
Author	Financial Accountant
Owner	Chief Financial Officer
Endorser	EMT
Approver	Council