

Council Policy PROCUREMENT POLICY

1. INTRODUCTION

This policy has been introduced to outline the minimum standards required for any procurement activity to ensure a transparent probity driven process that can withstand any scrutiny.

2. POLICY STATEMENT AND SCOPE

This policy is intended for all procurement activity of any value or type in accordance with the Act, Regulations and the specific procedures associated with the procurement, in addition to the Local Preference Policy.

The objective of this policy and associated procedures is to detail standard procurement practices across Council and to highlight the obligations of Council officers with the delegated authority to arrange goods and services of any value or type on behalf of Council. This policy and underlying procedures set the ethical ground rules and requirements outlined in the *Local Government Act 1993 and Local Government (General) Regulations 2005* for all business dealings between Port Macquarie-Hastings Council (PMHC) and our business partners. Furthermore, the procurement policy is based on the underlying principles of Councils' Code of Conduct & Statement of Business Ethics.

2.1 USE OF PUBLIC FUNDS

Under no circumstances are any goods, services or work of any kind to be arranged for a purpose other than a direct business need on behalf of and for PMHC.

2.2 DELEGATED LEVELS OF AUTHORITY

Appropriate levels of authority to incur and approve expenditure will be strictly adhered to and will be monitored regularly. These levels of authority are maintained by each divisions' Executive Assistant and can be found via the Intranet.

Any changes to current levels, or an authorisation level for a new position, require approval from the General Manager. As with the current structure of delegated authorities, the limits put in place will be strictly adhered to with the onus being on the individual employee to ensure they do not abuse their authority level.

Current delegated authorities will also be applicable to the use of purchase cards (P-Cards) across Council. Please refer to the separate purchase card procedure for more details.

An individual Council officer's current level of delegated authority is also applicable at any of the Council's stores and depots.

All requisitions that do not have the appropriate authorisation will be refused and authorisation will be required from that person's direct manager or supervisor before a purchase order is generated.

2.3 TENDER THRESHOLD

Council has a requirement to formally tender for goods and services where the anticipated expenditure for the life of the contract is greater than:

- (i) \$250,000 (inc GST); or
- (ii) \$150,000 (inc GST) for a contract involving the provision of services where those services are, at the time of entering the contract, being provided by employees of council.

Any procurement that involves expenditure above this amount must be conducted in accordance with Council's tendering procedure.

Any purchase of goods and services below the tender threshold must be conducted in accordance with either Council's purchasing procedure or purchase card procedure.

All contracts above \$100,000 must be referred to the Procurement Coordinator before a contract number or purchase order is generated.

2.4 PURCHASE ORDERS

No orders are to be placed with suppliers without an official purchase order being supplied by Council first. All suppliers are instructed not to supply goods unless they make reference to an official Port Macquarie-Hastings Council purchase order number. If a supplier supplies goods without a purchase order number, and produces an invoice to Council without reference to an official purchase order number, then Council reserves the right to refuse payment for those goods or services.

2.5 GIFTS & BENEFITS

Under no circumstances should staff solicit gifts or financial benefit of any kind in return for placing orders or arranging work of any kind with a supplier. As a general rule it is better to refuse any gifts or benefits offered to you. Circumstances may arise where refusal may be difficult or inappropriate. If you accept a gift or benefit, it should be of a token nature (typically under \$50) and must be itemised in Council's Gift & Benefit Register. For further information, please refer to Council's Gifts & Benefits Policy.

2.6 LOCAL SUPPLIER PREFERENCE

Council is committed to supporting the local economy and enhancing the capabilities of local business and industry. The objective is to create a framework that ensures Council gives due consideration to the actual and potential benefits to the local economy of sourcing goods and services locally where possible, whilst maintaining a value for money approach at all times.

The intention of this policy supports Council's commitment to achieve the best value for money outcome to Council and the Community, while maximising opportunities for local business to compete for Council business.

Council acknowledges that it has an important role to play in the local economy and is committed to assisting local industry engage in business with Council. To assist local industry and local economic development, Council will ensure that buying practices, procedures and specifications do not disadvantage local suppliers and ensure transparency in quotation, tendering and contract management practices.

2.7 BREACH OF POLICY

All procurement activity must be conducted in accordance with this policy and the associated procedures. Failure to comply with this policy or associated procedure may result in disciplinary or legal action.

3. RESPONSIBILITIES AND AUTHORITIES

The following Council officers are responsible for the implementation of and the adherence to this Policy:

- General Manager
- Director Corporate Services
- Group Manager Financial Services
- Strategic Procurement Manager
- Procurement Coordinator

Staff with any level of delegated authority of expenditure are accountable for applying this policy within their areas of responsibility. Specific responsibilities are as follows:

- The General Manager has ultimate responsibility for procurement and delegated authority of expenditure of funds across PMHC;
- The Group Manager – Financial Services, Strategic Procurement Manager & Procurement Coordinator are responsible for the development of all policies and procedures in relation to procurement across Council;
- The Director and Group Managers of each division are accountable for the implementation, maintenance and the management of any breach of policy within their areas of responsibility in accordance with this policy and related procedures;
- Each member of staff is responsible for ensuring that they fulfil their obligations in relation to this policy, procedures and Code of Conduct when spending public funds.

4. REFERENCES

- Purchasing Procedure
- Tendering Procedure
- Purchase Card Procedure
- Engagement of Consultants Procedure
- Code of Conduct
- Gifts & Benefits Policy
- Statement of Business Ethics

This policy is based on recommendations from the Independent Commission Against Corruption (ICAC), Section 55 of the Local Government Act 1993 (NSW), Part 7 of the Local Government (General) Regulation 2005 (NSW), Councils' Code of Conduct and Statement of Business Ethics.

5. DEFINITIONS

The Act – Local Government Act 1993 (NSW)

Regulations – Local Government (General) Regulations 2005 (NSW)

Delegation – Approval from the General Manager to Council officers - an appropriate level of authority to incur and approve expenditure of Council funds.

Local Supplier – A local supplier with employees based permanently in a Local Government Area (LGA) of the Mid North Coast of NSW or where appropriate, Australian made products.

Probity – Strict adherence to a code of ethics based on undeviating honesty especially in commercial (monetary) matters and beyond legal requirements.

6. PROCESS OWNER

The Group Manager Financial Services is responsible for the review of this Policy. Review of this Policy will incorporate relevant legislation, documentation released from relevant state agencies and best practice guidelines.

The following Council officers can provide support and advice on this Policy:

- Group Manager Financial Services
- Strategic Procurement Manager
- Procurement Coordinator
- Procurement & Contracts Officer

7. AMENDMENTS

Amendments (October 2019)

Policy transferred to new format

Tender threshold changed from \$150,000 to \$250,000

Amendment to the roles and responsibilities to reflect the current organisation structure

Section 2 - added reference to Local Preference Policy

Superseded Documents

Purchasing Policy (06/10/2010)

Tendering Policy (06/10/2010)

Calling of Quotations & Tenders for Contractors Policy (06/10/2010)

Engagement of Consultants Policy (06/10/2010)