

 <p>warrumbungle SHIRE COUNCIL</p>	Procurement Policy (including Local Support Policy)
	Strategic

1. Purpose

Warrumbungle Shire Council is committed to providing goods and services that meet the expectations of the community and stakeholders in the Shire at an affordable cost.

2. Objectives of the Policy

The policy aims to ensure Council's procurement of goods and services is legal, ethical and to Council's best advantage.

2.1 The expected outcomes of this policy are:

- Governance, Legislative and Regulatory Compliance
- Open, fair and effective competition
- Achieving value for money
- Encouragement of local business
- Enhancing the Capabilities of Local Business and Industry
- Ethical behaviour and fair dealing
- Proving Safe Workplaces and Practices
- Environmental Protection

2.2 Demonstrated Sustained Value and Achieving Value for Money

Council's procurement activities will be carried out on the basis of obtaining 'value for money'.

This means minimising the total cost of ownership over the lifetime of the requirement consistent with acceptable quality, reliability, servicing or maintenance costs and delivery charges eg freight considerations. Lowest price is not the sole determinate of value for money.

Value for money purchasing decisions made by Council are made on the basis of whole-of-life cost and non-price factors including contribution to Council's Strategic Business Plan objectives which includes the principles around economic, environmental and social outcomes.

2.2.1 Economic Considerations and Local Support

'Local Support' as distinct from 'Local Preference' provides good practice rather than preference. Council endeavours to support Local Suppliers by:

- Education / training sessions for local suppliers
- Working with local chambers of commerce
- Providing locals with the opportunity to supply
- Providing good onboarding and induction for local suppliers
- Debrief meetings with unsuccessful tenderers, when requested, to help raise their capability for the next opportunity

2.2.2 Environmental Sustainable Procurement

General

Council is committed to achieving sustainability and programs that have an impact on or contribute to the environment including but not limited to the following:

- waste management;
- recycling;
- energy management;
- emissions management;
- water conservation;
- green building design; and
- procurement methods.

Council recognises that in some cases the selection of environmentally preferable products and materials may be less competitive in terms of upfront price but may represent the best value for money when environmental impacts and/or the long-term operational costs of a purchase are taken into consideration.

Council is committed to reduce resources, consumption and minimise waste during the procurement life cycle including:

- a) Council shall encourage and prefer eco-friendly products that are more power efficient.
- b) Selecting energy, fuel and water efficient products
- c) Council shall prefer to purchase from a source which is less polluting or uses clean technology.
- d) Council's procurement projects should consider the provision of re-usable products and recycling as part of the project planning process, including the consideration of whole-life costs and disposal considerations.
- e) Council is committed to buy recycled/part recycled products to optimise consumption and stimulate demand for recycled products, promoting the collection and reprocessing of waste and working towards zero discharge to landfill.

2.3.3 Social Procurement

Social procurement involves using procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works. Social procurement can assist Council to:

- a) address complex local challenges.
- b) ensure procurement practices are sustainable and strategically aligned with Council objectives and achieve greater value for money.
- c) build and maintain strong communities by generating local employment (particularly among disadvantaged residents), promoting social inclusion and strengthening the local economy.
- d) strengthen partnerships with a diverse range of community and government stakeholders.

2.3.4 Approach

Council's procurement processes will support the generation of positive social outcomes where it can be justified on a value for money basis including but not limited to:

- a) Buying from local businesses.
- b) Giving support to businesses that employ local or socially disadvantaged residents of the Warrumbungle Shire Council.

3. Policy Scope

Council procurement covers a wide range of goods and services necessary to discharge its functions and to meet the aspirations of the community it serves. Procurement procedures are undertaken on a daily basis by a wide range of staff employed by Warrumbungle Shire Council. This policy provides overall guidance to those staff members required to acquire goods and services. This policy also provides guidance to elected representatives when they are required to make procurement decisions.

4. Relevant Legislation and Guidelines are:

ASSOCIATED POLICIES	<ul style="list-style-type: none">• Code of Conduct Policy• Gifts and Benefits Policy• Chain of Responsibility Policy• Business Ethics Policy (draft to be reviewed/completed)
ASSOCIATED LEGISLATION	<ul style="list-style-type: none">• Local Government Act 1993 (as amended)• Local Government (General) Regulation 2005 (<i>as amended</i>)• Work Health and Safety Act 2011 No 10• Government Information (Public Access) Act 2009• Competition and Consumer Act 2010 (Cth)• Fair Trading Act (NSW)
ASSOCIATED DOCUMENTS	<ul style="list-style-type: none">• NSW Procurement Policy Framework – July 2015• Tendering Guidelines for NSW Local Government, NSW Office of Local Government, October 2009.• NSW Government Code of Practice for Procurement, January 2005.• NSW Government Small and Medium Enterprise and Regional Procurement Policy.• Independent Commission Against Corruption (ICAC) “Corruption Resistance Strategies: Researching risks in local government”• Delegations of Authority - Delegations from General Manager to Staff• Privacy Management Plan• Statement of Business Ethics Policy• Chain of Responsibility Policy• Other policies, procedures, forms and Council reports eg Workforce Management Plan, Operational Plan and Delivery Program.

5. Definitions

Procurement

'All activities involved in acquiring goods or services either outright or by lease (including disposal and lease termination). Includes acquiring consumables, capital equipment, real property, infrastructure, and services under consultancies, professional services, facilities management and construction' (*source DLG Tendering Guidelines for NSW Local Government, October 2009*).

Tender Evaluation Committee

A tender evaluation committee is responsible for ensuring that a government procurement process is transparent and that procurement related actions are

documented, defensible and validated in accordance with probity obligations. Among other things, their job is to protect the Council from allegations of impropriety in government purchasing.

Local Supplier

An organisation that operates from permanently staffed premises within the boundaries of the Warrumbungle Local Government Area and has operated from those premises for a minimum period of three (3) months before submitting a quotation or tender.

Conflict of Interest and Confidentiality Forms

All members of Tender Evaluation Committee's must complete Conflict of Interest and Confidentiality Forms prior to the commencement of the evaluation process.

Ethics

A set of moral principles that govern a person's behaviour or the conducting of an activity.

Governance

Is the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in organisations and controlled in organisations and encompasses the mechanisms by which Councils and those in control, are held to account.

Probity

Probity in the context of procurement is the demonstration of strong moral principles and ethical behaviour in all the dealings with suppliers. All involved with suppliers or commercial issues should always consider the probity issues relating to the purchase, project, negotiations or contracts. One of the roles of the Tender Evaluation Committee chair is the review the appointment of a probity advisor/ auditor if one has been appointed and to provide transparency in any tender processes undertaken.

Council's Standard Terms and Conditions

Warrumbungle Shire Council has a set of 'Standard Terms and Conditions' to accompany the issue of Council Purchase Orders. The terms and conditions apply to any Council purchase order for goods and/or services ("Goods/Services") placed by Warrumbungle Shire Council and must be read in conjunction with any contract specified in an individual Purchase Order. If there is any inconsistency between these conditions and of the contract, the contract terms and conditions will prevail.

6. Policy Statement

The cost of obtaining and providing goods and services, including disposal of assets, will be determined by either a quotation process or a tender process. Staff and elected representatives will use the process that best meets the objectives of this policy.

In accordance with Section 355 of the Act, Council may choose to engage in joint purchasing arrangements with other councils or groups of councils such as voluntary regional organisations of councils.

Council will consider preference to local suppliers where evaluation criteria outlined in Section 6.4 are utilised. Furthermore, all suppliers whether by tender or quotation will be advised of the evaluation criteria and Council's support to use local suppliers.

6.1 Tenders

Council will seek tenders where required by the Act and when deemed appropriate by the General Manager. An Open Tender process will be followed by Council unless otherwise resolved.

The tender assessment criteria and weighting are to be identified before the tendering process is commenced. This includes how the prices / rates are to be requested and evaluated, whether it be lump sum, by schedule of rates, price adjustments and whether other incentives or sanctions will be applied.

The tendering process will follow the guideline document produced by the Office of Local Government (OLG) called 'Tendering Guidelines for NSW Local Government, October 2009'. Particular attention will be paid to the process checklist included in the guidelines.

6.1.1 Tender Documentation

Whether open tenders are invited or tenders are invited from a selected list from a call for expression of interest, the following sections will appear in the overall tender document.

- Advertisement
- Information for Tenderers
- Conditions of Tender
- General Conditions of Contract
- Job Specific Requirements (or Services to be Provided)
- Specifications
- Selection criteria
- Tender Schedules
 - Pricing Schedule
 - Schedule of Insurances
 - Project Schedules
 - Consultants / Contractors Resources.

6.1.2 Non-Refundable Fee for Tender Documents

The cost of producing a set of tender documentation, will be set by the relevant Officer to recover the expected costs, if a tenderer requires a hardcopy of the tender documents.

6.1.3 Consideration of Tender Information in Closed Council

In accordance with Section 10A, if tender information being considered by Council will either prejudice the commercial position of a tender or confer a commercial advantage on a competitor or reveal a trade secret, Council is obligated to consider the matter in closed Council.

6.1.4 Invitation to Tender to Recognised Contractors on Council's List

From the Guidelines, 'Clause 169 of the Regulation allows Council to establish a list of contractors who are interested in tendering for proposed contracts of a special kind'.

'Selective tender lists of recognised contractors are established where there is a continuing workload in a particular category of work and this workload justifies the cost of setting up and maintaining the list.' (*p35 OLG Tendering Guidelines*).

6.1.5 Tender by a Regional Procurement Company

Council may from time to time join with other councils for various products and services through a procurement company to attract price savings for a particular product or service.

The procurement company undertakes the administrative process associated with tendering and Council has the opportunity to procure products and services at the tendered price. However, Council by resolution, is required to formally accept or reject a particular tender proposal by the procurement company.

6.1.6 State Government Procurement Contract

Council is able to access products and services through providers that are recognised by the State Contracts Control Board and the Commonwealth Department of Administrative Services.

“State Contracts are the principal method of purchasing for Government agencies across New South Wales. Over 100 State Contracts have been approved under the authority of the State Contracts Control Board (SCCB). A complete list and information about all NSW Government State Contracts can be found on the NSW Procurement website www.procurepoint.nsw.gov.au/

6.1.7 Prescribed Organisations

Local Government Procurement Partnership is a prescribed provider pursuant to Clause 163 of the Regulation.

6.2 Quotations

The cost of obtaining and providing goods and services must be determined by quotation where a tender process is not used. The quotation process must keep in mind the objectives of this policy.

The ordering of any goods or services as a result of quotation must be authorised by a staff member with the appropriate level of delegation.

The scale, complexity and political sensitivity of the procurement will usually determine if formal or informal quotations are sought and the number of quotations. Table 1.0 outlines minimum procedural requirements in relation to procurement by quotation.

Table 1.0 – Monetary Thresholds for Quotation Procedures

Purchase Value	Procedure
Purchase value less than \$10,000 (GST inclusive)	Verbal request for quotation permitted however, quotation must be in a documented form. At least one quotation must be received.
Purchase value between \$10,001 and \$70,000 (GST inclusive)	The quotation must be sought by formal request. Documentation associated with the request must include a brief outline of the services to be provided. At least three quotations must be sought and at least one formal quotation must be received.
Purchase value between \$70,001 and \$250,000 (GST inclusive)	The quotation must be sought by formal request. Documentation associated with the request must include a specification or brief for the services, assessment criteria, pricing schedule and closing date. At least three quotations must be sought and at least two quotations must be received addressing the evaluation criteria.

6.3 Order Splitting

Purchase Orders must not be split to avoid the monetary thresholds outlined in Table 1.0.

6.4 Evaluation Criteria

Value for money assessment of tenders and relevant quotations will be based on set performance criteria as well as price as per Table 2.

Within the Table 2 a Local Support Assessment Criteria will also be required to be addressed by tenderers. The criteria must be included with documentation made available to potential service providers.

The relevant Council officer will establish the criteria and weight them accordingly, however the list of criteria included in Table 2 must be included as a minimum. The weighting attached to each criterion will not be made known to potential providers.

A score will be given by the assessment panel against each Table 2 criterion and when the score and weighting are multiplied out an overall assessment score will be determined out of a maximum 100 evaluation points

Table 2. - Minimum List of Performance Criteria for Assessment of Tenders and Relevant Quotations

Assessment Criteria – as per 6.1 these are set before the tender process is commenced.	Weighting	Score	Assessment Score
<p><u>Mandatory Criteria:</u></p> <ul style="list-style-type: none"> • Submission in on time • Comply with conditions of Tender • All schedules completed • Insurances • WH&S management practices and performance. 	N/A	N/A	Pass or Fail
<p><u>Qualitative Criteria:</u></p>			Range 40% to 70% dependant on the nature of the services or goods required and includes 5% Local Support.
<ul style="list-style-type: none"> • Previous experience or track record in completion of similar projects. 			
<ul style="list-style-type: none"> • Capacity or suitability of proposed personnel, plant, equipment and subcontractors. 			
<ul style="list-style-type: none"> • Qualifications needed. 			
<ul style="list-style-type: none"> • Suitability of proposed works methodology. 			
<ul style="list-style-type: none"> • Details and logic of the proposed method of works including sustainability and whole of life. 			

Assessment Criteria – as per 6.1 these are set before the tender process is commenced.	Weighting	Score	Assessment Score
<ul style="list-style-type: none"> Tenderer's workplace and industrial relations management practices and performance. 			
<p>Local Support Assessment Criterion includes the following:</p> <ul style="list-style-type: none"> Locally sourced materials (grown, manufactured, assembled, made within the Warrumbungle Shire Local Government Area) specific to the contract. Locally sourced labour (actual / potential as result of the contract). Locally sourced services (eg. fuel, accommodation) as a result of the contract. Supplier is a business operating within the Warrumbungle Shire Local Government Area. 			Set at 5%
<p>Price Criteria: Set before tender process commenced. - in scoring the price criteria a Normalised Price scoring method is recommended being: <i>$\frac{\text{the lowest tender price} \times 10}{\text{tender or quoted price}}$</i></p>			Range 30% to 60% dependant on the nature of the services or goods required.

7. Responsibilities

Councillors

- Ensure that individually, Councillors ensure they have undertaken procurement training (at least two yearly) and/ or within a year of taking up a role of Councillor in how to undertake their respective roles in the procurement process.

General Manager

- Shall ensure the development of Procurement Guidelines and Procedures, including Warrumbungle Shire Council Purchase Order - Standard Terms and Conditions, that conforms to Council's Policy.
- Shall monitor the effectiveness of the Procurement Guidelines and Procedures in operation and authorise changes to improve the procedures to conform to Council's Policy.
- Ensure the availability of procurement training (at least two yearly) be provided to councillors and/ or within a year of taking up a role of Councillor in how to undertake their respective roles in the procurement process.

Staff

- Shall implement and carry out the actions listed in the Policy, Guidelines and Procedures.

- Ensure individually, that those involved in Tendering Evaluation Committees are trained in how to undertake their respective roles in the tender procurement process.

8. Getting Help

The staff member/s who can assist with enquiries about the policy.

Position: Directors, Chief Financial Officer.

Department: Corporate and Community Services, Technical Services, Development Services.

9. Version Control

Staff Member Responsible for Review: Director Corporate and Community Services.

Policy Name	Action	Resolution No.	Date
Procurement Policy (including Local Preference Policy)	Endorsed	319	17 March 2011
Procurement Policy (including Local Preference Policy)	Endorsed	26/1718	20 July 2017
Procurement Policy (including Local Support Policy) (Doc Id _____)			