



# **WEDDIN SHIRE COUNCIL**

**POLICY NUMBER: 1.30.1**

**POLICY FOR PROCUREMENT AND SALE OF ASSETS**

**Adopted: 21/05/2022**

## **1. INTRODUCTION**

Council is committed to ensuring a fair, transparent and accountable process in the purchase and disposal of goods, the contracting of services, and the disposal of assets. This policy applies to all Councillors and Staff of Weddin Shire Council.

## **2. PURPOSE**

The purpose of this policy is to:

- Provide clear guiding principles for the procurement and disposal of materials, equipment and services through quotations and tendering, to assist in ensuring best value for money, cost-effectiveness, meeting the needs of the community, good management practices, transparency, probity and environmental performance.
- To endeavour to participate in Sustainable Procurement to facilitate purchasing environmentally sustainable and socially responsible products and services whenever possible.

## **3. POLICY**

Council's procurement and disposal related activities shall be conducted in a manner that complies with these general procurement policies:

- Obtaining value for money in the procurement and disposal of goods and services, using open and effective competition wherever practicable.
- Quality, price, delivery and service shall generally be considered the main criteria in assessing Council's procurement and disposal of goods and services together with experience, conformance with specifications, and local benefit
- Council expects its contractors and suppliers to comply with ethical business standards and practices in its procurement activities.
- Council shall strictly implement its Code of Conduct, guidelines and other relevant policies on matters relating to its procurement activities.
- All staff are required to consistently apply and implement Council's procurement policies and procedures. Appropriate disciplinary action shall be taken for non-compliance.

## **4. RESPONSIBILITY**

### ***General Manager and Directors***

The General Manager and Directors are responsible for providing policy, procedures and framework to facilitate transparent, ethical and value for money procurement.

### ***Team Leaders***

Managers are responsible for ensuring the following procedures are implemented within their workgroup. Managers are to ensure hazard identification and risk assessment is undertaken with regard to equipment, materials and supplies which they have responsibility for purchasing for workplace use.

### ***Supervisors***

Supervisors are responsible for ensuring procurement tasks are carried out according to procedures. Supervisors are to ensure there are in place procedures for identifying safety defects in equipment, material and supplies purchased and used at the workplace.

### ***Employees***

Employees are responsible for carrying out procurement activities in an appropriate manner with regard to any training undertaken.

## 5. PROCUREMENT TYPES

### ***Petty Cash***

Petty cash is used to meet the need for the procurement of small incidental goods and urgent situations for the Council and is limited to \$50 per individual transaction. Splitting of purchases to circumvent the limit or multiple purchases of the same items over a period of time is not permitted. Petty cash claims are to be approved by authorised officers and written records of claims and tax invoices are maintained.

### ***Reimbursement of Expense Claims***

This may occur when employees and Councillors are required to be out of the Shire on Council business. In this case, an Expenses Claim Form is required to be completed. The form is required to be accompanied by a tax invoice to support the amounts claimed. Reimbursement is made directly to the employee's bank account via the creditor's system.

### ***Direct Purchase***

The purchase of goods and services from an external supplier.

## 6. DELEGATION LIMITS

### ***\$1 up to \$2,999***

- A competitive process is not required

### ***\$3,000 up to \$14,999***

- A competitive process is not required
- One written quotation is required to be summarised and listed in the online purchase order

### ***\$15,000 up to \$49,999***

- A competitive process is not required
- Two written quotations are required
- The exemption is a stores purchase order (if the store's item is an existing item being purchased by an existing supplier and the price per item/litre has not changed by greater than 10%, or there has been a Joint Organisation Competitive Process, no second quotation is required)

### ***\$50,000 up to \$149,999***

- A competitive process is required
- A minimum of three written quotations obtained via a Request for Quotation (RFQ).
- A decision of Council is not required to purchase the good or service
- Exemption guidelines on page four

### ***\$150,000 up to \$249,999***

- A competitive process is required
- A tender process is required
- A decision of Council is not required to award the tender if the contract awarded is not an "employee" of Council

### ***\$250,000 and greater***

- A competitive process is required
- A tender process is required
- A decision of Council is required to award the tender

## **7. DELEGATION EVIDENCE LIMITS EXEMPTIONS**

- A contract awarded by a Joint Organisation (JO)
- Supplier is on Council's Causal Plant Hire list approved by Council
- Supplier is on Council's preferred Local Contractor List approved by Council
- Only supplier of the good or service in the State of New South Wales
- Technology – annual software licenses or software upgrades from existing providers
- Audit Office of NSW
- Revelation of Council assets – Council have made a significant investment into technology provided by Shepard's Services Pty Ltd
- A payment to a Government Agency
- An emergency situation
- Employment contracts for consultants provided by recruitment agencies registered with Local Government Procurement
- Tender process through Local Government Procurement

## **8. COMPETITIVE PROCESS**

### ***RFQ***

An RFQ is a process in which a company solicits select suppliers and contractors to submit price quotes and bids for the chance to provide goods or services. Weddin Shire Council may select preferred suppliers or open the process to all suppliers for the supply of a good or service. A minimum of three quotations are required for a successful RFQ process. Less than three quotations will require a new RFQ.

The exception is if it is a specialised product/service that has limited suppliers or one or two of the three eligible suppliers declines to quote. If Council has the evidence that the RFQ was sent to three reputable suppliers; one quote will be sufficient.

### ***Tender***

The purchase of goods and services that require a tender the Council must comply with the tendering requirements in section 55 of the Local Government Act 1993 and Part 7 of the Government (General) Regulation 2021, including:

- Inviting tenders for any of the types of contracts set out in section 55(1) of the Local Government Act 1993, unless exempt under section 55(3)
- Inviting tenders by public notice in accordance with the requirements of the Local Government (General) Regulation 2021.

Where there are extenuating circumstances, remoteness of locality (noting the location of Weddin Shire does not of itself satisfy this exemption) or the unavailability of competitive or reliable tenderers, the provisions of section 55(3)(i) of the Local Government Act 1993 may be applied to justify not inviting tenders subject to a supporting resolution of Council.

## **9. SUSTAINABLE CHOICE, ENVIRONMENTAL GOALS, AND OBJECTIVES**

### ***Goals***

Wherever possible, Council employees and contractors will pursue the following goals and adhere to the specified objectives when purchasing products and services (nothing that these impacts should be considered during the entire life cycle of the product - i.e. the production, distribution, usage, and end of life stages):

- Minimise unnecessary purchasing - only purchase when a product or service is necessary.
- Minimise waste - purchase in accordance with avoiding, reducing, reuse, and recycling strategies.
- Save water and energy - purchase products that save energy and/or water.
- Minimise pollution - avoid purchasing products that pollute soils, air, or waterways.
- Non-Toxic - avoid purchasing hazardous chemicals that may be harmful to health or ecosystems.
- Greenhouse Benefits - purchase products that reduce greenhouse gas emissions.
- Biodiversity and Habitat Protection - purchase in accordance with biodiversity and conservation objective.
- Value for Money - purchase the best value for money in the long term.

### ***Objectives***

- Council's objectives through sustainable purchasing are to:
- Eliminate unnecessary inefficiency, waste and expenditure.
- Contribute to the combined purchasing power of local government to further stimulate demand for sustainable products.
- Advance sustainability by participating in "closing the life-cycle loop".
- Increase awareness about the range and quality of products available.
- Deliver Council's commitments in relation to ecologically sustainable development (ESD) and other environmental and social objectives.
- Play a leadership role in advancing long-term social and environmental sustainability.

## **10. GENERAL**

- All monetary amounts include GST
- Order splitting - i.e. multiple orders – is not permitted to avoid quotation levels within the procurement process.

## **11. REPORTING**

Procurement reporting will be in accordance with the reporting provisions of the Local Government Regulation 2005 and Government Information (Public Access) Act 2009.

## **12. RELATED DOCUMENTATION**

Office of Local Government Tendering Guidelines for NSW Local Government  
Code of Conduct

Local Government Act 1993

Local Government (General) Regulation 2005

## **13. SALE OR DISPOSAL OF LAND AND ASSETS**

### ***Principles***

Whilst the same principles and standards that apply to the procurement process equally apply to the process of selling or disposing of land or assets, the following have specific applications to the sale or disposal of land and assets:

- Consideration of community access to an appropriate range of facilities and services within Weddin Shire, delivered through the physical assets.
- Recognition of the value of areas of native vegetation to biodiversity in Weddin Shire and the need for areas to be available for this purpose.
- Transparency and accountability in sale and disposal practices and procedures.
- Thorough community consultation on the proposed sale or disposal of significant and important assets.
- The equitable distribution of and access to quality physical assets within Weddin Shire.
- Recognition of opportunities to enhance local economic development and growth.
- The benefits of quality physical asset management include better service delivery, optimising the utilisation of assets, higher return on investments and creating opportunities to facilitate new facilities and services.
- Compliance with all statutory obligations.
- Commercial confidentiality.
- Consideration of ecological impact.
- Equitable, efficient and defective practices and decisions.

### ***Criteria***

The following criteria should be considered in deciding which method to use for the sale or disposal of land and assets:

- The number and type of known potential purchasers of the land or asset/s.
- The original intention for the use of the land or asset/s when purchased.
- The original method and intent of Council in obtaining ownership or custodianship of the asset/s.
- The current and possible preferred future use of the land or asset/s.
- Potential for development and local economic growth.
- Estimated value of the asset.
- The level of public interest in the disposal.

### ***Methods of Disposal***

The following general methods of sale or disposal of Council's assets are acceptable: Relocation of an asset which is surplus from one area within Council to another area within Council which can utilise the asset.

(a) Trade-in on new assets.

(b) Sale by public auction.

(c) Open invitation to tender or quote to the public through advertisements in the media. (d) Direct approach to potential purchasers in specific circumstances, such as:

- Prior ownership of the land or asset
- The owners of land adjoining the parcel of land for sale
- Direct relationship with an asset
- Prior contractual arrangement.

(e) Donation to charitable institutions or local community service organisations, such as the SES.

(f) Disposal at a Registered Tip.

All disposals are to be without warranty of any kind and as much as practical and Weddin Shire Council identifying marks or logo's should be removed or obliterated. Spare parts held for a particular item should be disposed of in one parcel with the asset.

***Sale to Staff/Councillors***

As a general principle, the sale of assets to staff is NOT to occur outside of a public process. The Independent Commission Against Corruption (ICAC) recommends that invitations to bid for the purchase of any surplus Council assets should not be limited to staff or to elected officials. Members of the public must also be allowed to compete for the purchase.

***Sale of Information Technology (IT) /Computer Equipment***

All information technology/computer equipment intended for disposal is to be approved by the General Manager on recommendation from the Director Corporate Services. All Weddin Shire Council data and software applications are to be removed from any hard drives as well as external asset tags and labels connecting a machine to Weddin Shire Council.

## 14. PROCUREMENT PROCEDURES

### *Pre-Procurement Activities*

In THE purchase of plant, equipment, services and materials the following questions are to be considered:

- What is the proposed purchase item?
- What safety information has been obtained from the supplier regarding the item to ensure the hazards and risks can be properly assessed? Equipment Manual Australian Standards/MSDS/Other safety information.
- Which employees and work processes are affected by the purchase?
- Have the affected employees been consulted?
- What are the health and safety risks relevant to the purchase?
- What has to be done to ensure the use, storage and transport of the purchase is safe, including any specific risk control measures identified by the manufacturer/supplier, provision of any personal protective equipment recommended by the manufacturer/supplier, and provision of any special emergency equipment?
- What change will need to be made to Safe Work Procedures? Effective risk management procedures need to be in place before the equipment or substances are used at the workplace.
- What training will be required before the purchase to ensure the safe use of the equipment or substance?
- Have environmental impacts from the purchase of the product or services been considered?

### *Purchase Order*

An online purchase order is Council's official document used to purchase goods or services from an external supplier. A purchase order confirms the contractual relationship between Council and the supplier and **MUST** be issued before the procurement of **ALL** or **ANY** goods or services.

A purchase order can be approved by a single person as long as it is within their delegation. The exception is a quotes exempt order which requires an additional approver.

All purchase orders that require evidence of quotations as outlined in the policy must be attached with the purchase order for the purchase order to be approved and paid.

A purchase order is required before the purchase of goods and services. The supplier will need to include Council's purchase order number on their invoice. Purchase orders raised after receipt of an invoice without an approved exemption may not be accepted for payment.

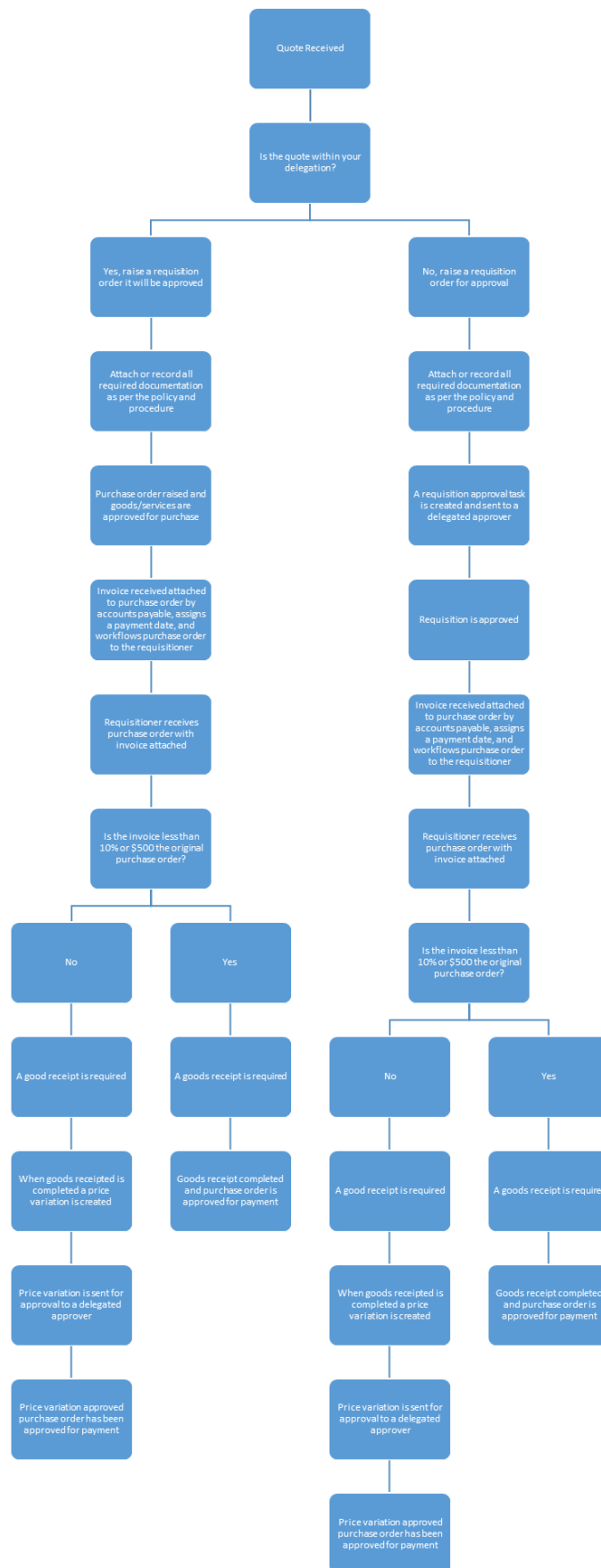
### *Goods Receipting:*

All purchase orders are required to be goods receipted. An invoice with a value that is up to 10% (up to a maximum of \$500) higher than the original purchase order value will not require the purchase order to be re-approved. All invoices higher than 10% or greater than \$500 will require re-approval.

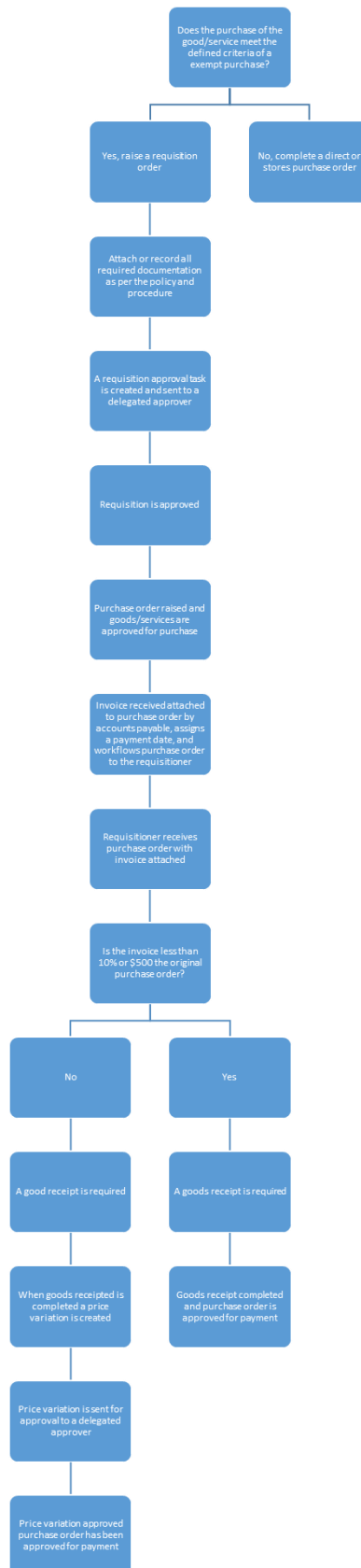
All store invoices that have a variance of 0.01 in quantity from the original purchase order will require re-approval when the invoice is goods receipted.



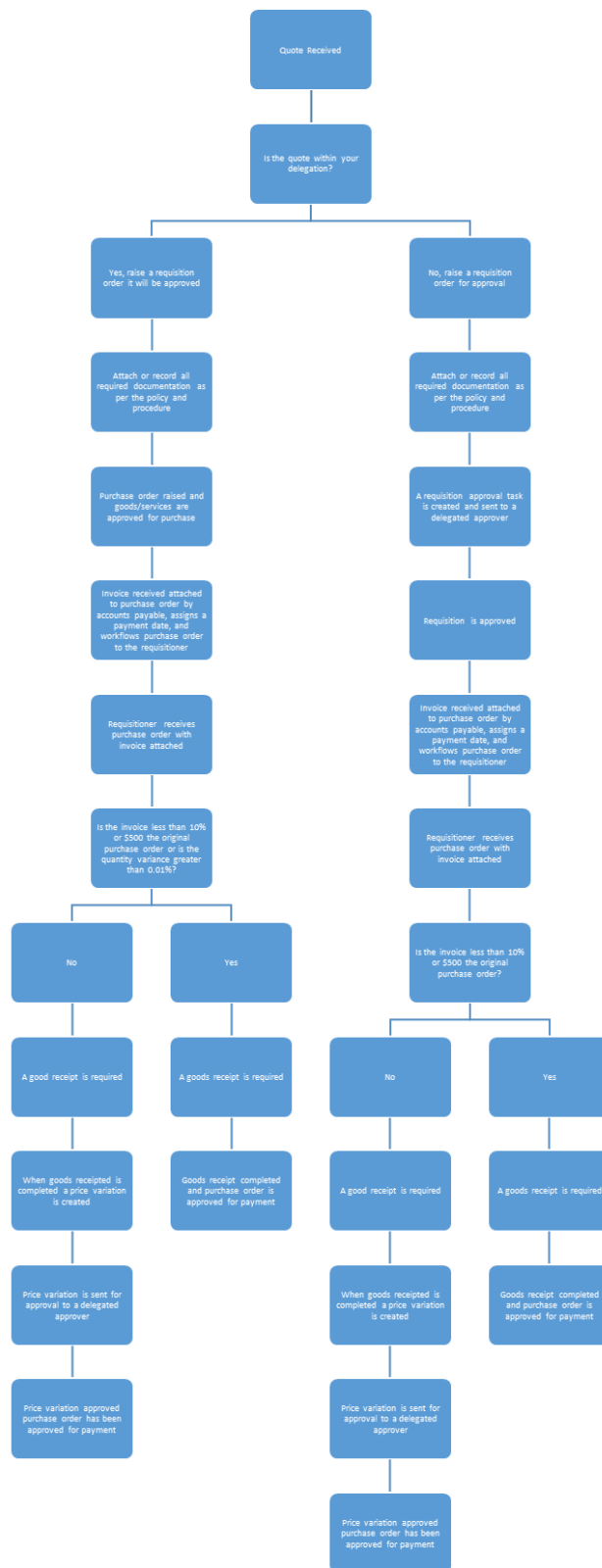
**Purchase Order Workflow Direct Purchase Order:**



**Purchase Order Workflow Exempt Purchase Order:**



## Purchase Order Workflow Stores Purchase Order:



### ***Tendering Methods:***

Open Tenders - where Council tenders by public advertisement with no restriction placed on who may tender. The advertisement must be published in the relevant newspapers inviting tenders for the proposed contract with a deadline that is at least 21 days after the date of publication, or **the** first publication of the advertisement.

Selective Tenders - where invitations to tender for a particular proposed contract are made following a public advertisement asking for Expressions of Interest.

Selected Tenders/Pre-qualified Tenders - whereby recognised contractors selected to form a list prepared or adopted previously by the Council are invited to tender for proposed contracts of a particular kind.

### ***Disclosure/Document requirements for Tenders/Contracts/RFQ's***

In accordance with Section 27 of the Government Information (Public Access) Act 2009 (GIPA), Council is required to maintain a register that records information about each government contract that has (or is likely to have) a value of \$150,000 or more. Weddin Shire Council will keep a register of **ALL** RFQ/Tenders/Contracts.

At the commencement of an RFQ/Tenders/Contract process, an individual number **MUST** be allocated. The number is to be generated from the next available number in Council's Contract Register and an individual folder created.

Once a successful Tender/Contract has been engaged and a purchase order created/issued the respective purchase order number **must be** referenced on all or any invoice associated with the Contract/Tender.

All documentation associated with a Tender/Contract/RFQ (*Successful or Unsuccessful*) must record that respective Tender/Contract/RFQ allocated number.

### ***Communication with Tenderers***

All communications with potential tenderers should be conducted within strict probity and risk management frameworks to ensure accountability and transparency.

Councillors and staff are reminded of the key principles of the Code of Conduct, including:

Integrity Leadership Impartiality Accountability Openness Honesty

Records should be kept of all communications with all tenderers. Council officers should ensure that:

- A register of all requests for tender documents, and a register of all requests for information regarding the tender, and requests for clarification are maintained.
- Communication with potential tenderers is only undertaken by the contact person who must be listed in the public advertisement of the tender and the tender documents.
- Unless impractical, all communication to tenderers be provided in writing and simultaneously to all tenderers in respect of a question asked of the tender. A copy of the question, but no details of the source of the question, should be circulated with the answer.
- Information or clarification provided to potential tenderers is consistent and documented. Where the information is not readily or immediately available, the contact person should obtain the relevant information and then follow up on the request.
- Response to queries about a specific tenderer's innovative solution or commercial in confidence information should not be communicated to any other tenderer.

- Any amendment to the tender documents are made by way of addenda issued to all tenderers at the same time, and the steps taken to inform all potential tenderers of the amendments, are documented.
- Responses to tender inquiries should reference the relevant clause in the tender documents, or if there is no clause relevant to the query, provide the response as an addendum to the tender documents (if an amendment is made to the tender documents) or an information document (if the response is for the purposes of information only and not to be relied on by tenderers as amending the tender documents).
- Information or clarification provided to potential tenderers is consistent and documented.
- Where briefings or site visits are offered by the council in regard to a particular tender, an attendance register and minutes or notes of the proceedings, including questions asked and answers provided, is maintained and forwarded to all attendees following the briefing or site visit.
- During briefings or site visits, Council officials should avoid one-to-one communication. Requests for information by one potential tenderer should be repeated and the response provided to all in attendance.

### ***Tender Evaluation***

A tender evaluation committee will be formed to evaluate all tender responses.

General key areas to be taken into consideration when evaluating a tender include:

- **Value for money** - Value for money is determined by considering all the factors that are relevant to the proposed contract and may include: price, experience, quality, reliability, timeliness, service, risk profiles and initial and ongoing costs. These are all factors that can make a significant impact on benefits and costs. Value for money does not automatically mean the 'lowest price'. The requirement is for the most commercially favourable and advantageous tender to be accepted. This may not necessarily be the cheapest tender.
- **Commercial Considerations** - these might include the ability of the supplier to deliver the goods and/or services as and when required; the capacity of the supplier to meet environmental and WHS standards; and previous poor supply performances, inferior product quality; ability to meet appropriate quality standards as set by Council as the suitability of the product being tendered.
- **Financial Considerations** - the financial viability and stability of the supplier. If there are questions in this regard, then appropriate advice should be sought.
- **Risk** - a formal risk assessment should be conducted for all major tenders over \$1,000,000. The resulting risk profile should be used in conjunction with the analysis of other evaluation criteria to determine the recommended tenderer to Council.

### ***Post-Tender Submission Activities***

Council must provide a secure tender box and ensure that all tenders are kept secure until after the closing date. At the time specified for the close of tenders, the appropriate person must open the tenders in the presence of at least 2 designated persons.

As soon as practicable after the tenders have been opened, the appropriate person must:

- record the names of the tenderers and the amounts that appear to have been tendered for the contract, and
- prepare a tender list specifying the names of the tenderers in alphabetical order and display the list in a place where it can be readily seen by members of the public.

As soon as practicable after the tenders for a proposed contract have been opened, Council must assess the tenders. Council must not consider a tender that is not submitted to Council by the deadline for the closing of tenders unless permitted by regulation 177 of the Local Government (General) Regulation 2021.

Tenders under \$249,999 and not being awarded to an “employee” of Council can be approved by the General Manager. Tenders greater than \$249,999 or that are awarded to an “employee” of Council are to be sent to the next available Council Meeting for a decision of Council via a Confidential Report.

Once a Confidential Report has been submitted to Council, Council must either:

- award the tender to the most advantageous tender, having regard to all the circumstances; or
- decline to accept any of the tenders.

In accordance with regulation 179 of the Local Government (General) Regulation 2021, as soon as practicable after entering into a contract or deciding not to accept any of the tenders for a proposed contract, Council must:

- send to all tenderers whose tenders were not accepted, notices to the effect that their tenders were unsuccessful or, as the case may be, that none of the tenders for the proposed contract was accepted, and
- display a public notice specifying the name of the tenderer whose tender was accepted and the amount of the successful tender or, if none of the tenders was accepted, a notice to that effect.

### ***General***

The purchase order, goods receipting, and purchase order payment will be a paperless system. With the introduction of Online Requisitioning and AP Workflow to the Civica Authority Financial Management System there are adequate electronic internal audit controls to account for the purchase and payment of goods and services without the involvement of paper records.