

## Overview of the Procedures

### 1.1 Introduction

Greater Hume Shire Council Procurement procedures ensure expenditure of public funds results in the most advantageous outcomes for the community. These outcomes will be achieved when procurement is conducted by staff that appreciate and understand Council's Procurement Policy framework and confidently apply Council's Procurement Procedures.

These procedures must be read in conjunction with Council's Procurement Policy.

### 1.2 Principles

The Greater Hume Shire Council Procurement Policy reflects five fundamental principles in the Local Government Act 1993 governing the making of contracts, namely:

- Open and effective competition
- Value for money
- Enhancement of the capabilities of local business and industry
- Environmental protection, and
- Ethical behaviour and fair dealing.

### 2.1 Value for Money

Council will use public funds to obtain the best return and performance from those funds.

Value for money is determined on a whole-of-life basis, and takes into consideration factors such as:

- The market maturity for the property or service sought
- The performance history of each prospective supplier
- The relative risk of each proposal
- The flexibility to adapt to possible change over the property or service lifecycle
- Financial considerations including all relevant direct and indirect benefits and costs over the whole procurement cycle
- The anticipated price that could be obtained, or cost that may be incurred, at the point of disposal
- The evaluation of contract options (for example, contract extension options)
- The suitability of the product/service to be procured
- Potential obsolescence of a product/service in the near future.

Additional factors include Council staff making decisions in an accountable and transparent manner.

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CORP – Procurement Procedure	1.0.0	14 September 2015	As Required

## 2.2 Conflict of Interest

- Council staff shall at all times avoid situations in which private interests conflict, or might reasonably be thought to conflict, or have the potential to conflict with their Council duties.
- Council staff shall not participate in any action of matter associated with the arrangement of a contract (i.e. evaluation, negotiation, recommendation, or approval) where that person or any member of their immediate family has a significant interest, or holds a position of influence or power in a business where quotations or tenders are being sought.
- The onus is on the member of Council staff being alert to and promptly declaring an actual or potential conflict of interest to the Council.
- Council staff must declare to their manager any potential or actual conflict of interest, including any situation where a supplier has an association or relationship with the Council officer. Where an officer has a potential or actual conflict of interest, they are required to complete a declaration statement.

## Procurement Options

### 3.1 Preferred Suppliers

Greater Hume Shire Council may utilise a preferred supplier for the purchase of certain goods and services. The purpose of this practice is to gain price advantage through bulk buying power and to reduce the need for quotations by authorised purchasing officers.

Council's preferred suppliers are identified on the "Greater Hume Shire Council Preferred Suppliers List." ***The performance of Council's preferred suppliers must be re-evaluated at least every twelve months in order to ensure that the preferred suppliers are providing the optimum level of quality, service and value for money to Greater Hume Shire Council. This shall be achieved by either calling for schedule of rates or quotations in accordance with the Purchasing Policy.***

The decision to add a supplier to the list is made through consultation between the relevant director and manager/coordinator of the function requiring the goods or services to be supplied. The need to add a supplier to the list arises when particular goods or services are being purchased regularly (i.e. more than twice in three months). When making a decision to add a supplier to the Preferred Suppliers List, at least three possible suppliers must be investigated and the following factors taken into consideration:

- Price of the goods or services to be provided
- Quality of goods or services to be provided
- Warranties offered by supplier
- Reliability of supplier
- Delivery schedules
- Payment terms
- Capability of the organisation, including experience and track record
- Development and promotion of local business and industry
- Environmental accreditation/risks
- Compliance with relevant OHS requirements.

## 3.2 Hourly Rates Based Procurement

### **Plant and Equipment**

Expressions of interest must be publicly advertised at least on an annual basis, calling for fixed rates from contractors (including tradespeople), plant hire and projects (under the \$150,000 tender threshold) on an 'as required basis'.

The outcome of the Expression of Interest process will be conveyed to relevant staff and monitored by the appropriate Director.

### **Consulting Professionals**

Expressions of interest must be sought at least on an annual basis calling for fixed hourly rates on an 'as required basis'. Services sought under this arrangement may include legal, town planning, survey and design, consulting engineering, etc.

In relation to plant and equipment hire and consulting professionals purchasing where possible fixed priced quotations should be sought, however in instances where this is not appropriate the performance of the contractors should be closely monitored by staff to ensure that Council is obtaining 'best value'.

If a 'one-off' consultancy is to be undertaken (e.g. marketing plans) then quotations should be sought in accordance with 3.3 Levels of Purchasing.

Compliance with procurement policy not required for the following purchases

- Provision of utilities (electricity, telephone etc.)
- Subscriptions to professional journals, associations etc.
- Donations
- Annual contributions (e.g.: REROC, RAMROC, RRL, UMRL etc.)

### 3.3 Levels of Purchasing

<p><b>Goods/Services between \$0 and \$1,999</b></p>	<p>May be authorised by those staff who have been provided with the appropriate delegation by the General Manager subject to the following:</p> <ul style="list-style-type: none"> <li>• Written quotes not required – at least one verbal quote required and a Record of Verbal Quotations Form <i>must be completed for all purchases over \$500.00.</i></li> </ul> <p><b>A copy of the 'Verbal Quotations Form' – Form 1 is attached.</b></p> <p><u>Recordkeeping</u></p> <p>The Record of Verbal Quotations must be attached to the purchase order.</p> <p>If using a Schedule of Rates Contract (e.g.: Plant hire or consulting professionals) rather than quotations this should be noted on the purchase order.</p>
<p><b>Goods/Services between \$2,000 and \$4,999</b></p>	<p>May be authorised by those staff who have been provided with the appropriate delegation by the General Manager subject to the following:</p> <ul style="list-style-type: none"> <li>• One written quote required and must be attached to the purchase order. Staff must consider the reasonableness of the quotations received.</li> </ul> <p><b>Where it is not practical to obtain the required number of quotations a 'Quotations Approvals Form – Form 2 must be completed and approved by the relevant director and in the case of a director, the General Manager.</b></p> <p><u>Recordkeeping</u></p> <p>All quotations and if appropriate the Quotations Approvals Form – Form 2 must be attached to the purchase order.</p> <p>If using a Schedule of Rates Contract (eg: Plant hire or consulting professionals) rather than quotations this should be noted on the purchase order.</p> <p><i>Please note where practicable fixed price quotations should be sought from Plant Hire and Consulting Professionals.</i></p>

<p><b>Goods/Services between \$5,000 and \$19,999</b></p>	<p>May be authorised by those staff who have been provided with the appropriate delegation by the General Manager subject to the following:</p> <ul style="list-style-type: none"> <li>• Two written quotes required and must be attached to the purchase order. Staff must consider the reasonableness of the quotations received.</li> </ul> <p><b>Where it is not practical to obtain the required number of quotations a 'Quotations Approvals Form – Form2 must be completed and approved by the relevant director and in the case of a director, the General Manager.</b></p> <p><u>Recordkeeping</u></p> <p>All quotations and if appropriate the Quotations Approvals Form – Form 2 must be attached to the purchase order.</p> <p>If using a Schedule of Rates Contract (e.g.: Plant hire or consulting professionals) rather than quotations this should be noted on the purchase order.</p> <p><i>Please note where practicable fixed price quotations should be sought from Plant Hire and Consulting Professionals.</i></p>
<p><b>Goods/Services between \$19,999 and \$99,999</b></p>	<p>May be authorised by those staff who have been provided with the appropriate delegation by the General Manager subject to the following:</p> <ul style="list-style-type: none"> <li>• Three written quotes required and must be attached to the purchase order. Staff must consider the reasonableness of the quotations received.</li> </ul> <p><b>Where it is not practical to obtain the required number of quotations a 'Quotations Approvals Form' - Form 2 must be completed and approved by the relevant director and in the case of a director, the General Manager.</b></p> <p>It may be appropriate to prepare a specification for the procurement of Goods and Services at this level. If you require advice with regard to the preparation of a specification please contact the General Manager or Director Corporate and Community Services.</p> <p><u>Recordkeeping</u></p> <p>All quotations and if appropriate the Quotations Approvals Form – Form 2 must be attached to the purchase order.</p> <p>If using a Schedule of Rates Contract (eg: Plant hire or consulting professionals) rather than quotations this should noted on the purchase order.</p> <p><i>Please note where practicable fixed price quotations should be sought from Plant Hire and Consulting Professionals.</i></p>

<p><b>Goods/Services between \$100,000 and \$149,999</b></p>	<p>May be authorised by those staff who have been provided with the appropriate delegation by the General Manager subject to the following:</p> <ul style="list-style-type: none"> <li>Public quotations being sought through advertisement in a newspaper circulating throughout the shire (e.g.: Border Mail)</li> </ul> <p>When seeking public quotations advertisements should be placed in the Border Mail, Daily Advertiser and Eastern Riverina Chronicle.</p> <ul style="list-style-type: none"> <li>A specification must be prepared for all procurements of Goods and Services greater than \$100,000. If you require advice with regard to the preparation of a specification please contact the General Manager or Director Corporate and Community Services.</li> </ul> <p><u>Recordkeeping</u></p> <p>Where public quotations are called it is essential that all documentation relating to the project (specification, quotations, evaluation, etc.) must be placed on InfoXpert. It is essential that the documents are placed in an appropriate location and therefore communication with Records is essential <b>before</b> public quotations are called.</p> <p><b>In exceptional circumstances sourcing of quotations directly can be authorised by the General Manager.</b></p>
<p><b>Goods/Services greater than \$150,000 (inc GST)</b></p>	<p><b>Public tenders shall be invited in accordance with the Local Government Act, 1993 and the Local Government Tendering Regulation.</b></p> <p><b>Compliance with the Tender Checklist is mandatory.</b></p>

**Documentation to assist in complying with Procurement Procedures.**

These documents can be found on InfoXpert.  
Document Control Register/Form

**Guidance Notes**

All purchasing tolerance levels referred to in the table above are **GST inclusive**.

If quotations are sought which are likely to be close to the upper limit of a purchase tolerance level then it would be prudent to obtain the required number of quotes for the next tolerance level. For example, if you are of the opinion that a purchase is likely to be around \$19,000 I would recommend seeking three quotations. This will ensure that the procurement process is timely.

If an officer has any doubt that the cost of a purchase may exceed \$150,000 (inc GST) then tenders should be called. If public quotations are sought for a purchase expected to be greater than \$100,000 and one or more of the quotations submitted exceed \$150,000 then tenders **must** subsequently be called.

## Tendering

### 4.1 When to Tender

The requirements for calling tenders are specified in Section 55(1) of the Local Government Act, 1993 as follows:-

“55(1) Council must invite tenders before entering into any of the following contracts:

A contract to carry out any work directed or authorised by or under any Act to be carried out by Council.

A contract to perform a service or to provide facilities directed or authorised by or under any Act to be performed or provided by Council.

A contract for providing goods or materials to Council.

A contract for disposal of property of Council.

A contract requiring the payment of instalments by or to Council over a period of two (2) or more years”.

The requirement to call tenders does not apply to the contracts specified in Section 55(3) of the Local Government Act, 1993 as follows:-

A contract entered into by Council with the Crown (whether I right of the commonwealth, New South Wales or any other State or a Territory), a Minister of the Crown or a statutory body representing the Crown

- A contract entered into by Council with another Council
- A contract for the purchase or sale by Council of land
- A contract for the leasing of land by Council
- A contract for purchase or sale by Council at public auction
- A contract for the purchase of goods, materials or services specified by the State Contracts Control Board or the Department of Administrative Services of the Commonwealth, made with a person so specified, during a period so specified and at a rate not exceeding the rate so specified
- A contract for the employment of a person as an employee of Council
- A contract where, because of extenuating circumstances, remoteness of locality or the unavailability of competitive or reliable tenderers, Council decides by resolution (which states the reasons for the decision) that a satisfactory result would not be achieved by inviting tenders)
- A contract for which, because of provisions made by or under another Act, Council is exempt from the requirement to invite a tender
- A contract made in the case of emergency
- A contract involving an estimated expenditure or receipt of an amount of less then \$150,000 or such other amount as may be prescribed by the regulations.

### 4.2 Prescribed Organisations

In certain circumstances the requirement to tender is not required if Council is availing itself of a contract from a prescribed person under section 55 of the Local Government Act (e.g.: Local Government Procurement of Procurement Australia). Staff utilising Local Government Procurement or Procurement Australia should still ensure that Council is receiving best value.

**Please note: When using prescribed organisations for purchases greater than \$150,000 an information report outlining the successful bid and the evaluation of the quotations must be present to the next meeting of Council.**

### 4.3 Procedures to Tender

It is Council's preference that all tenders are called electronically through Tenderlink. On occasions it may be appropriate to receive tenders in hard copy form at the Tender Box, located at the Customer Service Centre, 39 Young Street (PO Box 99), Holbrook NSW 2644.

The Tendering Checklist is available on InfoXpert Document Control Register/Form



**This form is to be used to seek approval to purchase when the required number of quotations cannot be obtained or it is not practical to obtain the required number of quotations**

Greater Hume Shire Council  
P.O. Box 99  
Holbrook NSW 2644

Telephone: 02 6036 0100  
Facsimile: 02 6036 2683  
Email: mail@greaterhume.nsw.gov.au

**Description of Goods/Services/Works Required** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Quantity – Number of Units/Hours Required** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### Suppliers Details

	Supplier 1	Supplier 2	Supplier 3
<b>Company/Name</b>			
<b>Address Postal and Physical</b>			
<b>Contact Numbers</b>			
<b>Email</b>			
<b>Contact Person</b>			
<b>Delivery Yes/No</b>			
<b>Price Per Unit</b>			
<b>Total Price</b>			
<b>Comments</b>			

<b>Required Number of Quotes Obtained</b>	<b>Yes</b>	<b>No</b>
<b>If less Than the Required Number of Quotes State Reason</b>	_____	
_____		
_____		
_____		
_____		

**Recommended Supplier**

**Name** \_\_\_\_\_

**Total Price** \_\_\_\_\_

**Reason** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Delivery Details (If Required)**

**Place** \_\_\_\_\_

**Time** \_\_\_\_\_

**Contact Person** \_\_\_\_\_

**Contact Number** \_\_\_\_\_

**Officers Details**

**Officers Name** \_\_\_\_\_

**Officers Position** \_\_\_\_\_

**Officers Signature** \_\_\_\_\_

**Date** \_\_\_\_\_

**Approved/Not Approved**

<b>Approved</b>	<b>Yes</b>	<b>No</b>
<b>Date</b>	_____	
<b>General Manager/ Director Name</b>	_____	
<b>Position</b>	_____	
<b>Signature</b>	_____	

**This Form is to be Used to Record Verbal Quotations for Purchases Under \$2,000**

Greater Hume Shire Council  
P.O. Box 99  
Holbrook NSW 2644

Telephone: 02 6036 0100  
Facsimile: 02 6036 2683  
Email: mail@greaterhume.nsw.gov.au

**Description of Goods/Services/Works Required** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Quantity – Number of Units/Hours Required** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Suppliers Details**

	Supplier 1	Supplier 2	Supplier 3
<b>Company/Name</b>			
<b>Address Postal and Physical</b>			
<b>Contact Numbers</b>			
<b>Email</b>			
<b>Contact Person</b>			
<b>Delivery Yes/No</b>			
<b>Price Per Unit</b>			
<b>Total Price</b>			
<b>Comments</b>			

## Selected Supplier

**Name**

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**Total Price**

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**Reason**

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## Delivery Details (If Required)

**Place**

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**Time**

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**Contact Person**

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**Contact Number**

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## Officers Details

**Officers Name**

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**Officers Position**

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**Officers Signature**

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**Date**

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