



## Policy

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### **20**                      **PROCUREMENT AND DISPOSAL**

Policy Reference No:

File Reference No:

Strategic Outcome:              Good government

Date of Adoption:                18/12/2013

Date for Review:                 18/12/2018

Responsible Officer:             Director Corporate Services

#### **1. POLICY STATEMENT**

Berrigan Shire Council administers public funds. It has a responsibility to ensure that its purchasing and disposal decisions are made in an ethical, transparent, accountable and effective manner.

#### **2. PURPOSE**

The purpose of this Policy is to:

- Establish a framework to guide Council employees, volunteers and agents involved in procurement and disposal activities to meet legislative requirements; manage risk and achieve a best value result.
- Create an environment where the Council's purchasing and disposal activities are – and are seen to be - ethical, accountable, transparent and effective.
- Assist the Council in achieving the best value result when purchasing goods and services and disposing of goods
- Ensure the Council at all times complies with relevant legislation when purchasing goods and services and disposing of goods.

#### **3. SCOPE**



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This policy covers all procurement of goods and services and disposal of goods by Berrigan Shire Council, including but not limited to:

- The Council through resolution and by individual Councillors
- All Berrigan Shire Council employees;
- Berrigan Shire Council volunteers and volunteer committees
- Other agents of the Council.

This policy does not apply to the procurement of goods and services:

- in an emergency;
- by contractors or subcontractors of Council

### 4. OBJECTIVE

This policy is developed to assist the Council with Delivery Plan Objective 2.2.2:

*Council operations support ethical, transparent and accountable corporate governance*

### 5. DEFINITIONS

<b>Procurement:</b>	The process involving all activities following the decision that a good or service is required. It involves the acquisition of goods and services and the disposal of goods.
<b>Purchasing:</b>	The actual buying process, whether placing or transmitting an order orally, in hard copy, electronically via e-commerce, or buying across the counter.
<b>Disposal:</b>	The process of removing goods from Council's service and the recovery of market value for the goods.
<b>Quotation:</b>	A quotation is the estimated or actual market price of the supply of a work, good or service supplied to Council by a supplier after a verbal or written request from a Council Officer.
<b>Council Officer:</b>	Any person authorised by the Council to purchase goods or services or dispose of goods on behalf of the Council. This includes employees, volunteers, Councillors and other agents acting on behalf of the Council.
<b>Tender Threshold:</b>	An amount in dollars as determined and published by the NSW Division of Local Government.



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### 6. POLICY IMPLEMENTATION

#### 6.1. General principles

In purchasing goods and services and disposing of goods, the Council will

- comply with its statutory obligations;
- act in an ethical, transparent and accountable manner;
- act fairly and even-handedly with suppliers and potential suppliers;
- maintain commercial confidentiality in line with legislation and Council policy
- seek “best value” outcomes.

At all times, Council officers must be aware of their responsibilities to act in the best interests of the Council and the community when handling public funds.

#### 6.2. Specific principles

##### 6.2.1. **Best Value**

Best value represents the best return and performance for the money spent on procurement of goods and services.

Best value is not simply the best price. In determining what best value is, Council officers must consider:

- price
- “whole of life” and other ongoing costs
- fitness for purpose
- suitability
- availability and timeliness
- prior performance
- statutory compliance and work health and safety

##### 6.2.2. **Confidentiality**

The Council will treat all information provided to it by suppliers in line with its adopted Privacy Management Plan.

Any confidential information will be treated as such and will not be revealed to persons other than those with a genuine need to know.



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Commercial-in-confidence or proprietary information contained within tenders, quotations, expressions of interest, proposals, heads of agreements and the like will never be given to competing interests nor unauthorised persons.

### **6.2.3. Fair and honest dealing**

The Council will ensure potential suppliers are given equal access to information and opportunities to submit bids. The Council will act – and be seen to act – impartially when purchasing goods and services and disposing of goods.

### **6.2.4. Local preference**

The Council has a legislative and ethical responsibility to be fair and even-handed in its treatment of suppliers and potential suppliers. However there are circumstances where it may be appropriate to prefer the use of local supplies.

Preference to local suppliers will only be considered where it is consistent with furthering the objectives of the Council's Community Strategic Plan, i.e.

- Sustainable natural and built landscapes
- Good Government
- Supported and engaged communities
- Diverse and resilient business.

If the Council chooses to provide preferential treatment to local suppliers it will develop an appropriate policy to govern this process and ensure it is transparent and accountable. Any such policy will be consistent with this policy, the aims and objectives of the Council's Delivery Program, and all statutory requirements.

### **6.2.5. Code of conduct**

All Council Officers are bound by the Council's Code of Conduct. When purchasing goods and services and disposing of goods on behalf of the Council, Council officers will ensure their actions comply with the letter and the spirit of the Code.

Specific attention should be given to matters such as:

- Acting fairly and equitably
- Dealing with conflicts of interest
- Accepting and/or declaring any gifts or benefits received
- Use of Council resources

### **6.2.6. Authorisation**



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Only Council Officers with appropriate authorisation and/or delegation will purchase goods and services or dispose of goods on behalf of the Council.

Position descriptions for Council employees will specifically state the purchasing authority for each position and the Council will maintain a purchase authorisation register.

The Council will not provide purchasing approval **after** the Council has acquired goods and services.

### **6.2.7. Risk Management**

Risk Management is the systematic positive identification of threats and the identification of opportunities for the best use of resources. Throughout the procurement and disposal process, the Council will ensure that risks associated with any transaction are identified and are treated in accordance with the Council's Risk Management Policy and Framework.

### **6.3. Methods of purchasing and disposal**

The Council will use a range of procurement methods with the appropriate method determined by considering statutory requirements, best value considerations, transparency and efficiency.

#### **6.3.1. Tender**

Where the total value of goods and services sought exceeds the tender threshold, the Council will follow a statutory tender process.

The Council will adopt a specific policy and set of procedures to deal with tenders. This Tender Policy will be consistent with this general policy and statutory requirements.

The Council will not engage in order splitting to avoid exceeding the tender threshold.

#### **6.3.2. Quotations**

Where possible and practicable, the Council will seek quotations when procuring goods and services. The number of quotations sought will be dependent on the nature and value of the goods and services to be supplied.

Details of the quotation thresholds will be clearly set out in the Council's procurement procedures. The Council will not engage in order splitting to avoid exceeding these thresholds.



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### **6.3.3. Purchase orders**

Except for items specifically excluded in other policies and procedures, all Council purchases of goods and services will require a valid purchase order to be generated.

### **6.3.4. Corporate cards**

The Council may permit the use of corporate credit or debit cards to purchase goods and services on behalf of the Council. Such use will be subject to a specific policy. The Corporate Card Policy will be consistent with this general policy and statutory requirements.

### **6.3.5. Petty cash**

The use of petty cash for minor purchases (i.e. less than \$100) is encouraged. While quotations may not be required, Council Officers will still follow the principle of best value.

### **6.3.6. Reimbursement**

Other than in exceptional circumstances, the Council will not permit Council officers to purchase goods and services for the Council from their own funds in the expectation of being reimbursed at a later date,

Council officers have a responsibility to take all reasonable steps to ensure that purchases on behalf of the Council are made through authorised Council procedures and avoid having to use personal funds and seek reimbursement.

Reimbursement of training and relocation expenses will be permitted in circumstances covered by specific policies.

### **6.3.7. Disposal**

Disposing of goods on behalf of the Council is subject to the same principles as purchasing. The Council may adopt a specific policy and set of procedures to deal with disposals. Any such policy will be consistent with this policy and statutory requirements, transparent and accountable

## **6.4. Receipt and payment**

Council Officers responsible for purchasing goods and services will ensure that delivery notes or invoices are checked against the original order, including quantity, quality, general condition and price.



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Supplier payments will be made by Accounts Payable after the responsible officer has checked and confirmed the supply has been made in accordance with the Council's requirements. Payment will be made in line with the Council's standard payment terms unless prior arrangements have been made.

### 7. RELATED POLICIES OR STRATEGIES

#### 7.1. Legislation

- *Local Government Act 1993*
- *Local Government Regulation 1994*
- *Public Finance and Audit Act 1993*
- *Work Health and Safety Act 2011*
- *Work Health and Safety Regulations 2011*
- *Privacy and Personal Information Protection Act 1998*
- *Government Information (Public Access) Act 2009*
- Australian Accounting Standards

#### 7.2. Council policies and guidelines

- Risk Management Policy and Framework
- Berrigan Shire Council Code of Conduct
- Berrigan Shire 2023 (Community Strategic Plan)
- Resourcing Strategy
- Privacy Management Plan
- Fraud Policy
- Delegations Policy
- Tender Policy
- Reimbursement of Relocation Expenses Policy
- Payment of Expenses and Provision of Facilities for Mayors and Councillors Policy
- Guidelines for the Payment of Expenses and Provision of Facilities for Staff Members