



# **PROCUREMENT AND DISPOSALS**

**MANAGEMENT POLICY  
AND PROCEDURES**

**INCLUDING AUTHORISED OFFICERS,  
AREAS OF AUTHORITY  
AND MONETARY LIMITS**

## **Document Control Page**

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**VERSION 1**

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## **1. INTRODUCTION**

Council procures services and develops business relationships with the private sector in order to ensure that services to our community are delivered in an efficient and cost effective manner. The parties (Council and business) must adopt a standard of behaviour that encourages public confidence in the management of community affairs by Council.

### **1.1 STANDARDS OF BEHAVIOUR**

Therefore, all parties will behave in accordance with the following standards at all times:

- Honesty and Fairness – Parties will conduct all procurement and disposal business relationships with honesty and fairness.
- Accountability and Transparency – The process of procuring and disposing of items by Council will be open, fair and defensible. All procurement and disposal processes will be based on robust and defensible evaluation criteria consistent with the legislative and policy framework in which Council operates.
- No Conflict of Interest – A party with a potential conflict of interest will declare and address that interest (in writing) as soon as the conflict is known to that party.
- Rule of Law – Parties shall comply with all legal requirements.
- No Anti-competitive Practices – Parties shall not engage in practices that are anti-competitive.
- No Improper Advantage – Parties shall not engage in practices that aim to give a party an improper advantage over another.
- Intention to Proceed – Parties shall not seek to procure or dispose of goods without a firm intention and capacity to proceed with the transaction.
- Co-operation – Parties will maintain business relationships based on open and effective communication, respect and trust, and adopt a non-adversarial approach to dispute resolution.
- Risk Management – All risks will be identified and managed in the procurement and disposal procedures.

### **1.2 AIMS AND OBJECTIVES**

This policy and procedures manual has been developed to promote the abovementioned standards of behaviour. The aims and objectives are:

1. The aim of the procurement and disposals function is to provide a cost effective supply management and asset disposal service, for all areas of Council's operation, meeting time, cost and quality objectives.
2. To ensure observance of the provisions of the Local Government Act and Regulations, together with any other relevant State and Federal laws.
3. To clarify the duties of staff responsible for Council expenditure.

4. To establish a system of documentation and accountability which satisfies Council's accounting, expenditure and asset control requirements.

### **1.3 OCCUPATIONAL HEALTH AND SAFETY COMPLIANCE**

All Suppliers of Goods and Services to Council and the staff of suppliers must comply with their occupational health and safety obligations under the Occupational Health and Safety Act (NSW), the Workplace Injury Management and Workers Compensation Act (NSW) and Regulations, workers compensation insurance premium requirements, relevant OH&S Industry Codes of Practice, and safety and dispute settlement procedures in applicable industrial awards and approved agreements.

### **1.4 WORKPLACE PRACTICES AND INDUSTRIAL RELATIONS**

Principal Contractors, as defined in s127 of the Industrial Relations ACT (NSW), in providing Goods and Services to Council are accountable for compliance with their obligations regarding all employment related laws.

All Suppliers of Goods and Services to Council, their employees and their unions must comply with their workplace obligations, including the provisions of all applicable industrial awards and approved agreements.

Arrangements or practices designed to avoid workplace obligations under relevant laws, industrial awards and agreements are not permitted in any dealings with Council.

## **2. PROCUREMENT**

### **2.1 VALUE FOR MONEY**

Value for public money to achieve positive outcomes for the community is the core principle underpinning procurement services carried out for Inverell Shire Council. It specifically involves a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle.

The following matters may be considered in part or in whole in the procurement of Goods and Services by Council dependant on the nature of the procurement:

- Price Tendered
- Whole of life costs, including costs of disposal
- Innovation offered
- Delivery time offered
- Quality Offered
- Previous performance of Supplier
- Experience of Supplier and personnel proposed
- Capability of the Supplier, including technical, management, human resources, organisational and financial capability and capacity.
- Suppliers Occupational Health and Safety management practices and performance
- Suppliers environmental management practices and performance
- Suppliers community relations practices and performance
- Value adding components such as economic, social and environmental development initiatives, if appropriate and relevant to the procurement
- Conformity with Tender or Supply requirements

## **2.2 POLICY FRAMEWORK**

Council's policy requires that for any good or service with a value between of \$5,000 to \$150,000, competitive quotations must be obtained - suppliers speciality notwithstanding. It is a requirement that "suppliers speciality notwithstanding", that a minimum of three (3) competitive quotations must attempt to be obtained.

For any good or service with a value under \$5,000 competitive quotations are not generally required, however, it is a requirement that Council receives "Value for Money" and that the "Standards of Behaviour", as indicated above are complied with at all times. Single Projects with a cost exceeding \$5,000 are not to be broken into single components to avoid the requirement to obtain competitive quotations.

*The Local Government (General) Regulation 2005* requires that for any good or service with a value of \$150,000 and over, tenders must be called for goods and services. Tenders are to be called in accordance with the Regulation.

## **2.3 AUTHORITIES**

Positions to which delegated authority applies for the signing of orders for the procurement of goods and services are:

General Manager	Manager Fleet (Restricted)
Director Corporate Services	Corporate Supply Co-ordinator (Restricted)
Expenditure Controller	

The use of delegated authority is subject to the issue of a personal delegation by the General Manager.

## **2.4 PROCEDURES - REQUISITIONS DUTIES AND RESPONSIBILITIES OF REQUISITIONING OFFICERS AND PROCUREMENT STAFF**

All Departments shall use the services of the Expenditure Controller, the Corporate Supply Co-ordinator or the Manager Fleet in the procurement of goods and/or services i.e. obtaining of quotes and placing of order. Staff shall not request the requisition of goods or services where insufficient funds are available in the budget vote for the goods and services proposed to be requisitioned.

The Expenditure Controller/Corporate Supply Coordinator/Manager Fleet shall:

- a) Ensure that an official Council order has been completed and authorised by an employee with delegated authority to sign orders prior to entering into any commitment to purchase goods and/or services.
- b) Ensure that any goods and/or services to be requisitioned are to be used on works which have been authorised by Council, and that funds are available for such expenditure.
- c) Ensure that the "budget vote" for which a particular good/service is required, has not been over-expended.

Note: As indicated above, if additional expenditure is to be incurred against an over-expended budget vote, an additional budget allocation must be obtained before any requisition is completed.

Under no circumstances are goods and/or services to be expended against another vote. All goods/services must be charged to the job they are required for.

- d) Ensure that the Budget Ledger Account number to which the goods and/or services are to be expended is correct.
- e) Ensure goods or services being ordered are not a duplication of similar material held by or a service already being rendered to Council.
- f) Ensure that accurate prices are quoted on all requisitions. If a price is not available, then an estimate of cost must be provided, noting the principle of "Value for Money".
- g) Ensure that the goods and/or services are received/provided in good order and condition.

## **2.5 OFFICIAL ORDERS**

An official order must be authorised prior to any commitment to purchase goods and/or services being entered into.

Confirmation Orders will not be permitted.

Orders must be dated on the same day or prior to any commitment being entered into.

Orders resulting from the submission of a formal requisition shall be dated on the day or as soon as practicable after receipt of the said requisition, thus ensuring the order sequence is maintained in a chronological order.

## **2.6 PRICING**

The price being charged is reasonable and should have some price restraint, either by means of competitive quotations, or governed by a list price.

Where prices are not available, an estimate must be provided by the Requisitioning Officer.

## **2.7 DISTRIBUTION**

Copies of orders are distributed in accordance with the following:

- Original White copy, to the supplier
- Duplicate Green copy and requisition attached (where practical) to the Requisitioning Officer.

## **2.8 DELIVERY INSTRUCTIONS**

Unless specified to the contrary, all orders will be marked for delivery to the Inverell Works Centre, Burtenshaw Road.

## **2.9 CANCELLATIONS**

In the event of the necessity to cancel an order, it is the responsibility of the Requisitioning Officer to advise the Expenditure Controller or Corporate Supply Co-ordinator who in turn will advise the Supplier.

If an order is cancelled, the green copy of the order shall be returned and secured in the cancelled order file and marked "CANCELLED".

All cancelled orders (green copy) shall be filed in numerical order.

## **2.10 RECEIPT OF GOODS AND/OR SERVICES**

### Restriction:

Under no circumstances may the person signing the order to act as the Receiving Officer for the supply of any goods or services.

### Completed Order:

When an order has been fully supplied, the Requisitioning Officer shall record the date of receipt in the "Date Received" column of the green copy and certify that the goods and/or services were received/provided in good order and condition.

This order copy must then be forwarded to the Creditors Clerk.

### Completed Order (Stores)

When an order has been fully supplied, the Corporate Supply Co-ordinator or Stores Officer shall complete the "Stores Received Details" of the green order copy and certify that the goods were received in good order and condition.

This order copy must then be forwarded to the Creditors Clerk.

## **2.11 PART ORDERS**

When an order has not been fully supplied, the Stores Officer or Requisitioning Officer must photocopy the green copy indicating full details of goods and/or services received and marked "Part Order". The photocopy must then be forwarded to the Creditors Clerk. The officer must then ensure that the green purchase order copy is signed off when the order has been completed.

When a 'purchase order' is completed the "Goods Received by" or the "Date Received" column is to be completed, order marked "Order Completed" and 'purchase order' (green copy) is to be certified that the goods and/or services were received/provided in good order and condition. This purchase order copy must then be forwarded to the Creditors Clerk.

## **2.12 FREIGHT CHARGES**

With the completion of the "Receipt of Goods and/or Services" process, the Stores Officer or the Requisitioning Officer must establish the existence, or otherwise, of any freight costs associated with the supply of such goods and services.

If no freight costs are involved, no further action is necessary.

If freight charges are included, the receiving officer must ensure that the correct job cost number is recorded.

All documentation should be attached to the green order copy and promptly forwarded to the Creditors Clerk.

### **2.13 MATERIALS FOR MAJOR PROJECTS**

In the case of major materials required for projects, for which designs have been prepared, the workflow will be:

- i) Plans approved by the Director of Technical Services;
- ii) Schedule of quantities, specification and estimate approved and forwarded to Expenditure Controller;
- iii) Manager Works to advise Expenditure Controller of supply requirements including time constraints;
- iv) Expenditure Controller arranges supply of external goods and/or services;

### **2.14 TENDERS**

- a) Tender administration shall be carried out in accordance with the *Local Government (General) Regulation 2005*, the *Local Government Act 1993* and Council Policy;
- b) The Expenditure Controller shall call tenders, based on specifications to the requirements of the responsible officer, and administer the tenders to the point of providing the responsible officer with a schedule of tenders suitable for presentation to Council. The Expenditure Controller may make recommendations and present to Council;
- c) The responsible officer shall provide the Expenditure Controller with a press release to be issued at the time of calling tenders;
- d) Newspaper tender advertisements shall be placed at least once in an edition of the relevant newspaper or as required by the *Local Government (General) Regulation 2005*.
- e) Formal tender documents, shall be enclosed in sealed envelopes, endorsed as required in the advertisement to enable identification of the tender, and the date and time of closure of the tender period. Tenders not so endorsed, and opened during the tender period may be rejected if the responsible officer considers that confidentiality has been breached contrary to Council's interests.
- f) On receipt, tenders be placed in a secure tender box. The tenderer may witness this action if the tender is delivered during business hours.
- g) Upon the expiration of the tender period, the Expenditure Controller shall immediately conduct a search for available tenders, ensure these are placed in the tender box and conduct a public opening of tenders.
- h) At a public opening of tenders, the Expenditure Controller (Tenders Officer) shall:
  - i) Arrange a suitable place, and for interested members of the public to be directed to such place.

- ii) Announce the description of the tenders to be opened, welcome members of the public, and announce the relevant provisions of the *Local Government (General) Regulation 2005* and public opening of tenders.
  - iii) Open, endorse, register and summarise tenders in conjunction with at least one of the following:
    - o Expenditure Controller/Tenders Officer
    - o Appropriate Manager
    - o Other authorised staff member

(subject to all persons having Council's authority to open tenders in accordance with the *Local Government (General) Regulation 2005*.)
  - iv) Make public information available in accordance with the *Local Government (General) Regulation 2005*.
- i) The relevant Senior Officer shall report the tenders to Council.
  - j) Upon being advised by the relevant Senior Officer of Council's decision, the Expenditure Controller shall notify tenderers in accordance with the *Local Government (General) Regulation 2005* and supply information to the public in accordance with the *Local Government (General) Regulation 2005*.

## **2.15 CREDIT CARD PURCHASES**

Purchases of goods and services by Credit Card are to comply with principle of "Value for Money" and Council's Policy Framework.

All Credit Card Purchases are to be authorised by the relevant Director or the General Manager.

Credit Card purchases by the General Manager, are to be authorised by the Mayor.

## **2.16 PURCHASES UTILISING PETTY CASH**

The purchase of goods and services utilising Petty Cash are limited to amounts under \$50. This may be increased to \$100 on the authorisation of the relevant Director or the General Manager.

## **2.17 ASSET MANAGEMENT**

All assets purchased with a value of over \$500 are to be recorded in Council's Asset Management System, with the exception of Plant and Equipment where the value of \$750 applies. Small Plant and Equipment such as Chainsaws, Mowers, and other power equipment will be recorded in Council's Small Plant Management System and will be suitably identified.

## **2.18 INSURANCE**

Council's Administration Support Officer will be immediately advised of assets purchased for insurance purposes.

## **2.19 ON-LINE ORDERING**

A number of Companies require that orders are completed electronically on their on-line ordering systems. In these instances it is still a requirement that Council's Procurement and Official Orders Procedures are followed.

## **3. DISPOSALS**

The disposal of Council assets, excluding land, buildings and major infrastructure are governed by this procedure. The sale of land, buildings and major infrastructure is a function not delegated by Council.

It is a Council requirement that it receives the Best Value for any Asset identified for disposal. Best Value will be measured in terms of the achievement of a price that represents fair market value or a higher price, and also taking into account any continuing benefit to the community.

All Council assets which are identified for disposal, that is assets of no further use to Council or assets that are no longer viable to maintain, are to be disposed of in accordance with the following provisions of the disposal policy:

### **3.1 MAJOR ASSETS (Excluding Motor Vehicles)**

In instances where a major moveable asset is surplus to Council requirements or no longer suitable for Council purposes the following procedure is to be utilised:

1. Public quotations are to be called for the assets disposal. The public quotations are to be called for a minimum period of 21 days and quotations are to be placed in Council's Tender Box. The quotations are to be opened by two staff members once quotations close. A staff member who has submitted a quotation must not be involved in the opening of quotations. All quotations are to be registered into Council's Electronic Document Management System. The highest quotation will be accepted, but only where it represents a fair market price. Transfer of ownership of the asset will not occur until payment has been made.
2. Should a fair market price not be offered, or no quotations be received, the asset may be sold by private treaty if Council receives a written offer equivalent to a fair market price.
3. Should the above procedures fail to produce a fair market price, the asset is to be sold at Auction.

A separate Council Policy applies in respect of Council's Motor Vehicle Fleet.

### **3.2 MINOR ASSETS**

In instances where a minor asset is surplus to Council requirements or no longer suitable for Council purposes, public quotations are to be called for the assets disposal. Generally, minor assets will be held and stored at the Works Depot until a sufficient quantity is held to justify the advertising costs.

The public quotations are to be called for a minimum period of 14 days and quotations are to be placed in Council's Tender Box. The quotations are to be opened by two staff members once quotations close. A staff member who has submitted a quotation must not be involved in the opening or acceptance of quotations. The principle of Best Value is to be applied in determining the successful quotation.

Any minor asset advertised but not ultimately sold following the calling of public quotations, may be sold by private treaty on receipt of a written and signed offer, subject to the approval of the General Manager.

### **3.3 ASSETS OF BENEFIT TO NOT-FOR-PROFIT COMMUNITY BASED ORGANISATIONS**

In instances where an asset which is surplus to Council requirements or no longer suitable for Council purposes can be utilised by a not-for-profit community based organisation for the benefit of the community, the asset may be donated to the community based organisation on the authorisation of the General Manager where the fair market value of the asset is under \$2,000. Where the asset has a fair market value in excess of \$2,000 a report must be submitted to Council's Finance Committee for approval.

### **3.4 WARRANTY**

It is to be made clear when advertising assets for disposal that any asset disposed of by Council is sold on an "as is, where is basis". No warranty expressed or implied is to be given.

#### **References:**

- **DLG – Circular to Councils 06/07, "Procurement in NSW Local Councils".**
- **Local Government (General) Regulation 2005**
- **Code of Practice for Procurement New South Wales Government – January, 2005**
- **New South Wales Government Procurement Policy – July, 2004**