

3.03 – PROCUREMENT POLICY

1 POLICY PURPOSE

The purpose of this Policy is to outline the minimum standards required for any procurement activity and will ensure a value-driven and transparent probity-driven process that can withstand any scrutiny.

2 POLICY OBJECTIVE

The objective of this Policy and associated procedure is to detail standard procurement practices across Council and to highlight the obligations of Council staff with the delegated authority to arrange goods and services of any value or type on behalf of Council.

This Policy and its associated procedure set the procurement requirements outlined in the *Local Government Act 1993 (NSW) (NI)* and *Local Government (General) Regulations 2005 (NSW) (NI)* for all business dealings between Council and its suppliers. Furthermore, the procurement Policy is based on the underlying ethical principles of Council’s Model Code of Conduct.

This Policy outlines the guiding principles for Council in undertaking its procurement responsibilities including purchasing, tendering, contract management, payments and asset disposal relating to the acquisition and use of goods and services. The key principles underpinning this Policy include:

- Ensuring value for money;
- Efficiency and effectiveness;
- Probity and equity;
- Effective competition, and
- Compliance with legislative requirements.

3 POLICY SCOPE

This Policy applies to all Council procurement activities and is applicable to all Councillors and Council staff.

4 DEFINITIONS

TERM	DEFINITION
Council	Norfolk Island Regional Council.
Delegation	Approval from the General Manager to Council staff - an appropriate level of authority to incur and approve expenditure of Council funds.
General Manager	A person who holds an appointment under section 334 of the <i>Local Government Act 1993 (NSW) (NI)</i> . This includes a person acting in this position.
Local Supplier	A local supplier based in Norfolk Island providing goods and services.

TERM	DEFINITION
Modern Slavery	Modern slavery refers to a situation where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. Examples include people trafficking, slavery, servitude and forced labour.
Probity	Strict adherence to a code of conduct and statement of business ethics.
Procurement	The act of obtaining or buying goods and services. The process includes preparation and processing of a demand as well as the end receipt and approval of payment.
Regulations	<i>Local Government (General) Regulations 2005 (NSW) (NI).</i>
Staff	For the purposes of this Policy includes employees and delegates such as agency staff and contractors.
The Act	<i>Local Government Act 1993 (NSW) (NI).</i>

5 LEGAL AND POLICY FRAMEWORK

Legislation, Policies and Documents:

Legislation:

- *Local Government Act 1993 (NSW) (NI) – Section 55.*
- *Local Government (General) Regulation 2005 (NSW) (NI) – Part 7.*
- *Modern Slavery Act 2018.*

Policies:

- Corporate Credit Card Policy.
- Fraud and Corruption Prevention Policy.
- Risk Management Policy.
- Gifts and Benefits Policy.
- Conflict of Interest Policy.
- Expenditure Authority in Emergencies Policy.

Documents:

- Corporate Credit Card Procedure.
- Financial Expenditure Delegations.
- Risk Management Procedure.
- Purchasing and Tendering Procedure.
- Norfolk Island Regional Council Model Code of Conduct.
- Procedures for the Administration of the Model Code of Conduct.
- Tendering Guidelines for NSW Local Government (October 2009).

6 IMPLEMENTATION

Communication

This Policy and supporting documents are to be communicated to all staff and the community via Council's external website and intranet.

Implementation

Implementation of this Policy will reference supporting procedures and documents.

7 POLICY STATEMENT

This Policy is intended for all procurement activity of any value or type in accordance with the Act, Regulation and the specific procedures associated with the procurement of goods and services.

7.1 Roles and Responsibilities

The following officers are responsible for the implementation of and the adherence to this Policy:

- General Manager;
- Manager Corporate and Finance;
- Managers; and
- Supervisors and Team Leaders.

7.2 Procurement of Goods and Services

All procurement must follow the procedures set out in the Purchasing and Tendering Procedure and any other associated documents which outline the quotation requirements and thresholds, guidelines and processes.

7.3 Use of Public Funds

Under no circumstances are any goods, services or work of any kind to be arranged for a purpose other than a direct business need on behalf of and for Council.

7.4 Delegation of Authority

Authority for implementation of this Policy is delegated by Council to the General Manager in accordance with the *Local Government Act 1993 (NSW) (NI)*. As part of this Policy, Council delegates to the General Manager authority to approve all Council purchases to an amount not to exceed \$250,000 (excluding GST).

Appropriate levels of authority to incur and approve expenditure will be strictly adhered to and will be monitored regularly. Any changes to existing levels, or an authorisation level for a new position, require approval from the General Manager. As with the current structure of delegated authorities, the limits put in place will be strictly adhered to with the onus being on the individual employee to ensure they do not abuse their authority level. These controls will also be incorporated into Council's enterprise resource planning system.

Current delegated authorities will also be applicable to the use of corporate purchase cards across Council. Please refer to the separate Corporate Purchase Card Policy and Procedure for more details.

All Council staff members will be provided with a minimum Council Store delegation of \$500.

Requisitioning officers with the appropriate financial delegation can self-approve the creation of a purchase order. All other requisitions will require appropriate authorisation from a staff member with the relevant financial delegation before a purchase order is generated.

7.5 Tender Threshold

Council has a requirement to formally tender for goods and services where the expected expenditure for the life of the contract is greater than \$250,000 (excluding GST). Any procurement that involves expenditure above this amount must be conducted in accordance with Council's Purchasing and Tendering Procedure.

Any purchase of goods and services below the tender threshold must be conducted in accordance with Council's Purchasing and Tendering Procedure.

7.6 Purchase Orders

Unless specifically exempted by the Purchasing and Tendering Procedure or Corporate Credit Card Procedure, no orders are to be placed with suppliers without an official purchase order being supplied by Council in advance. Suppliers are instructed not to supply goods unless they make reference to an official Council purchase order number. If a supplier supplies goods without a purchase order number, and produces an invoice to Council without reference to an official purchase order number, then Council reserves the right to refuse payment for those goods or services.

Emergency orders for goods and services will need to be authorised by a staff member with the appropriate financial delegation and a confirming purchase order will still be required to be raised after the emergency.

Staff are to refer to the Purchasing and Tendering Procedure regarding what constitutes an emergency purchase.

7.7 Value for Money

Value for money is a core principle underpinning all procurement. It is the community's expectations that the most appropriate and cost effective good or service is procured; this however doesn't necessarily automatically mean the lowest price, as other considerations must be taken into account such as: lifecycle costs, relative risks, fitness for purpose, performance history and reliability. The value for money principle refers to the greatest benefit derived by Council for the relative cost of the good or service.

7.8 Open and Effective Competition

Suppliers are to be given an equal opportunity to compete for the supply of goods and services. The Purchasing and Tendering Procedure will allow for increased accountability, transparency and the elimination of any bias whether real or perceived.

While it is desirable that suppliers are given an equal opportunity to compete for the supply of goods and services, there may be circumstances in which competition is limited, for example: local monopoly, compatibility with existing equipment, intellectual property, genuine emergency situations and consultancies ('experts' in a particular field). Where conditions such as these limit competition, the requisitioning officer shall document the circumstances and the authorising officer will review to ensure that the value for money principle is still being adhered to.

7.9 Ethics and Probity

Council's procurement activities shall be performed with integrity and in a manner able to withstand the closest possible scrutiny.

Councillors and Council staff shall at all times conduct themselves in ways that are ethical and will:

- Treat potential and existing suppliers with equality and fairness;
- Not seek or receive personal gain;
- Maintain confidentiality of competing companies information, such as pricing, specifications, quotation, tender, bid, or any other commercial or proprietary information;
- Present a high standard of professionalism and probity;
- Deal with suppliers in an honest and impartial manner and appropriately manage any conflicts of interest;
- Provide all suppliers and tenderers with the same information and equal opportunity;
- Be able to account for all decisions and provide feedback on them, and

- Maintain fair, equitable and non-discriminatory procedures for addressing complaints and concerns raised by suppliers or members of the community regarding Council's procurement activities.

7.10 Conflict of Interest

Councillors and Council staff shall at all times avoid or appropriately manage situations in which private interests might reasonably be deemed to have the potential to conflict, with their Council duties. All conflicts of interest must be managed in accordance with Council's Model Code of Conduct.

Councillors and Council staff involved in the procurement process, in particular preparing tender documentation, including writing tender specifications, opening and downloading of tenders and evaluation of tenders must identify, declare and manage any potential conflicts of interest in accordance with Council's Model Code of Conduct.

The onus is on the Councillor and Council staff involved, to promptly declare a pecuniary or nonpecuniary, actual or potential, conflict of interest to Council in accordance with the Model Code of Conduct.

7.11 Gifts and Hospitality

All Councillors and Council staff must adhere to Council's Model Code of Conduct which covers gifts, benefits and hospitality.

Council staff must avoid situations that would give rise to the appearance that a person or body is attempting to secure favourable treatment from them or from the Council, through the provision of gifts, benefits or hospitality of any kind to staff or someone personally associated with a staff member.

7.12 Modern Slavery Act

Council is committed to doing all that it can to prevent slavery and human trafficking in its activities and to ensuring as far as is practicable that its supply chains are free from slavery and/or human trafficking.

Council will ensure all tenders take into consideration all relevant ethical supply chain provisions identified in the *Modern Slavery Act 2018*.

7.13 Local Suppliers

Council is committed to supporting the Norfolk Island economy and enhancing the capabilities of local business and industry. The objective is to create a framework that ensures Council gives due consideration to the actual and potential benefits of the local economy by sourcing goods and services locally where possible, whilst always maintaining a value for money approach.

The intention of this Policy supports Council's commitment to achieve the best value for money outcome to Council and the community, while maximising opportunities for local business to compete for Council business.

Council acknowledges that it has an important role to play in the local economy and is committed to assisting local industry engage in business with Council. To assist local industry and local economic development, Council will where possible ensure that buying practices, procedures and specifications do not disadvantage local suppliers and ensure transparency in quotation, tendering and contract management practices.

No preferential consideration of local suppliers will be automatically granted under this clause.

7.14 Sustainable Procurement

Council is committed to operating in a socially, financially and environmentally responsible manner and promotes sustainability in its procurement processes.

The objectives of Council’s sustainability considerations are to:

- Eliminate unnecessary inefficiency, waste and expenditure;
- Use its purchasing power where possible to stimulate demand for sustainable products and services;
- Reduce the use of virgin materials by increasing the recycled content in the products purchased;
- Increase awareness where possible about the range and quality of sustainable products available;
- Deliver Council’s commitments in relation to ecologically sustainable development and any other environmental and social objectives; and
- Demonstrate leadership in advancing long term social and environmental sustainability.

7.15 Breach of Policy

All procurement activity must be conducted in accordance with this Policy and the associated procedures. Failure to comply with this Policy or the Purchasing and Tendering Procedure may result in disciplinary or legal action.

8 MONITORING AND REPORTING

This Policy will be monitored and reviewed as required by the Responsible Officer.

9 REVIEW AND VERSION CONTROL

Policy Number:	3.03	Responsible Officer:	Manager Corporate and Finance
Next Review Date:	June 2026		
Version:	Resolution Number:	Effective Date:	Description:
1.0	2016/92	19 October 2016	Developed and adopted
2.0	2019/107	26 June 2019	Reviewed and adopted
3.0	2023/104	04 October 2023	Reviewed and adopted
4.0	2024/52	10 May 2024	Reviewed and adopted