



Ashfield Council

Purchasing Policy & Procedures (Non Tender)

July 2011

This policy will be reviewed triennial) by: Chief Financial Officer
Next review date: June 2014

Title:	Purchasing Policy & Procedures (Non Tender)
Summary:	Procurement Procedures
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Relevant References:	<p>NSW Government Code of Practice for Procurement January 2005</p> <p>NSW Government Tendering Guidelines (Department of Commerce) November 2005</p> <p>NSW Department of Local Government Tendering Guidelines for Local Government October 2009</p> <p>ICAC, "Practical Guide to Corruption Prevention", ISBN 0 7310 7206 5</p>
Main Legislative or Regulatory References:	<p>Local Government Act 1993</p> <p>Local Government (General) Regulation 2005</p> <p>Interpretation Act 1987</p>
Applicable Delegation of Authority:	Staff Delegations of Authority
Related Ashfield Council Policy:	<p>Ashfield Council Tendering Policy</p> <p>Ashfield Council Code of Conduct</p> <p>Ashfield Council Statement of Business Ethics</p>
Related Ashfield Council Procedure:	

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Policy Background

The Local Government Act and Regulations covers the procurement of all goods and services and is binding on all Local Government Authorities.

Policy Purpose

The purpose of this policy is to provide clear guidelines for the procurement of goods and services, valued at under \$150,000. This policy will assist Ashfield Council in ensuring best value for money, good management practices, legislative compliance, transparency, probity and environmental performance.

Policy Objectives

This policy applies to all Councillors, employees of Ashfield Council and to any external entity overseeing, or having any involvement in, the procurement of goods and services for Council.

Staff authority to requisition, order and approve purchases is governed by Staff Delegations of Authority made by the General Manager. This includes the specific upper limits on purchasing approvals permitted by individual staff positions. No staff must act outside their delegation of authority.

Implementation and access

1. Purchasing Principles

Deciding whether to purchase

The first consideration in procurement is determining whether or not it is necessary to purchase or if it is possible to use or share existing resources within Council.

Consider:

- Have both recycling and surplus stores (if appropriate) been checked to ensure that no comparable product is available internally?
- Is it possible to share existing resources with other departments?
- Is the quantity requested appropriate and sure to be used?
- Will the product be used to the end of its useful life? If not, can it be easily reallocated to another department and how will this cost be borne?

If the answer to these questions is “yes” and the item is still deemed necessary, then proceed.

2. Basic Purchasing Principles

It is generally accepted that purchasing by publicly funded authorities is guided by the following key principles:

- The purchasing system should be designed to provide the best value for money;
- The procedures used must be, and must be believed to be, able to withstand public scrutiny;
- Purchasing procedures should ensure open competition and no individual supplier should be given advantage over others; and
- Purchasing procedures should comply with all of Council’s policies, including sustainable management of the environment.

2.1 Value for Money

The best way of obtaining value for money is to ensure that there is a strong element of competition in the allocation of orders or awards of contracts. This is ensured by obtaining competitive quotations wherever practicable. Council has a number of ‘preferred supplier arrangements’ for which a competitive tender has already been undertaken. Staff are directed to use a supplier from this arrangement unless they are able to obtain better value for money from an alternative supplier.

The degree of detail with which procurement is performed depends on the value, complexity and sensitivity of the goods and services being purchased. It is not good practice to use excessive time and paperwork on simple purchases of low value. ‘Best value for money’ does not imply that the lowest quotation must be selected uncritically. Other criteria such as the degree of compliance with specified quality standards, known performance and capacity of suppliers as well as maintenance, impact on the environment and whole of life costing must be taken into account.

2.2 Withstanding Public Scrutiny

To be able to withstand public scrutiny, it is important that activities, such as the selection of quotations and approvals be carried out and documented meticulously. Staff engaging in procurement, for even small purchases, must be mindful of any conflict of interest. Information provided to the Council should be treated as **commercial – in – confidence**, restricted to persons concerned with the specific purchase or contract and care should be taken that it is not inadvertently displayed or otherwise communicated to competitors in the course of supplier evaluation.



2.3 Opportunity to Participate

In respect of procurement outside the tender process there is no requirement that all potential suppliers be given the opportunity to participate. However, every effort should be made to obtain at least three responses from a representative group of suppliers. The onus is on staff to ensure that the suppliers selected to provide quotes are representative of the market. All persons invited to quote for Council business should be given equal information.

2.4 Environmental sustainability

Council requires that procurement decisions incorporate environmentally sound policies. Staff must carefully consider environmental issues when planning both service levels and the required standards of goods. Expected and desired environmental performance and outcomes is to be documented, where practical, in the specifications and evaluation of contracts.

3. Preferred Supplier Arrangements

Council has a number of 'preferred supplier arrangements' for which a collective competitive tender has already been undertaken and agreed rates and conditions negotiated. Suppliers under these arrangements have been identified and selected in accordance with the NSW Government Procurement Policy and other relevant policy obligations.

Purchases can be made under the terms of a Preferred Supplier Arrangement without requirement to seek competitive quotations. Where a preferred supplier arrangement exists, staff are directed to use a supplier from this arrangement unless they are able to obtain better value for money from an alternative supplier. Any of the suppliers of goods or services under our Preferred Supplier Arrangements can be canvassed for quotations.

4. Procedures in procurement under \$150,000

The following categories apply to the procurement of goods and services valued at under \$150,000 and as such are not subject to the NSW Local Government Tendering Guidelines.

4.1 Goods and Services up to \$5,000

Minimum of 2 verbal quotations are to be sought except;

- a) Where purchase is being made under a Council approved 'Preferred Supplier Arrangement'
- b) where goods or services are needed immediately in an emergency situation
- c) where rates are considered reasonable and consistent with normal market rates and these are tested from time to time.

And providing that;

- a) orders for the same service are not to be split in order to bring the amount under \$5,000.

Officers calling for and receiving the quotations will complete a Quotation Record Form (Attachment 1) which includes:

- A description of the goods or services required
- A list of organisations submitting quotations, costs, details and delivery details
- In any instance where the quotation accepted is other than the lowest received, the reason or reasons for accepting that quotation.

The Quotation Record Form must be signed by an approving officer, usually relevant Manager, with delegated authority to approve purchases at this value.

Whilst it is not obligatory to obtain written quotations when purchasing under the \$5,000 threshold, circumstances will arise when it may be advantageous to call written quotations to put the procurement on a more formal footing and/or eliminate any ambiguity about process.

4.2 Goods and Services over \$5,000 and up to \$10,000

A minimum of 3 written quotes must be obtained except when the purchase is being made under a Council approved 'Preferred Supplier Arrangement'.

The following procedures are to be applied when calling for quotations:

- Minimum of three written quotations obtained and filed. Where 3 written quotes cannot be obtained the reasons are to be documented.
- Quotation Record Form with written quotations attached to be completed and filed.
- Reasons for passing over any lower price bids must be documented.



The Quotation Record Form must be signed by an approving officer, usually relevant Manager, with delegated authority to approve purchases at this value.

4.3 Goods and services over \$10,000 and up to \$50,000

A minimum of 3 written quotes must be obtained except when the purchase is being made under a Council approved 'Preferred Supplier Arrangement'.

The following procedures are to be applied when calling for quotations:

- Minimum of three written quotations obtained and filed. Where 3 written quotes cannot be obtained the reasons are to be documented.
- Specifications must be supplied to persons providing quotations.
- Declaration of Interest Form must be completed and signed by staff involved in the procurement process. Staff with an interest in this procurement are to be excluded from the process.
- Quotation Record Form with written quotations and associated documentation including specification, process requirements, Declaration of Interest Forms and reasons for passing over any lower price bids to be completed and filed.
- Unsuccessful bidders shall be notified in writing.

The Quotation Record Form must be signed by an approving officer with delegated authority to approve purchases at this value, usually the relevant Director.

4.4 Goods and Services over \$50,000 and up to \$150,000

A formal quotation processes including a minimum of 3 written quotes except when the purchase is being made under a Council approved 'Preferred Supplier Arrangement'.

The following procedures are to be applied to formal quotation process:

- A Purchasing Officer nominated and/or Evaluation Committee established. A signed Declaration of Interest Form must be completed prior to commencement of the formal quotation process. Staff with an interest in this procurement are to be excluded from the process.
- Detailed specifications must be prepared and provided to suppliers. In addition to the specific goods/services requirements, specifications may call for response to organisational capacity and risk management, environmental performance, maintenance and whole of life costing and request for 'referees'.
- Official "Requests for Written Quotation" may be issued either selectively to a list of suppliers and / or opened to a broad range of suppliers by advertisement in the local press.



- At least 3 written quotations must be received *unless there are only one or two known suppliers*.
- Quotations must be delivered / forwarded to the specified Purchasing Officer and by a specified date. A schedule of quotations received will be prepared.
- The quotations are to be evaluated by the Purchasing Officer and/or Evaluation Committee. Evaluation must be made against the elements included in the specification and fully documented including reasons for passing over any lower price bids.
- The evaluating officer or committee will complete Quotation Record Form and attach associated documentation, including the Schedule of Quotations, signed Declaration of Interest Forms, detailed deliberations (e.g. minutes of evaluation committee meetings) and final recommendation.
- The approving officer may either accept or reject the recommendation. If the recommendation is approved a written offer can be made to the successful supplier. If the recommendation is rejected and an alternative supplier approved, then full justification for the decision of the approving officer must be documented or the process of procurement can recommence.
- Unsuccessful bidders will be notified in writing.

The Quotation Record Form must be signed by an approving officer with delegated authority to approve purchases at this value, usually the relevant Director.

Formal tender processes may be used for purchases under \$150,000. This is advisable in circumstances where the value of the procurement is reaching the upper limit of \$150,000; goods and services being sought are of significant public interest; or where the procurement is complex. In these circumstances the accountability and best value benefits of a formal tender process should be considered.

4.5 Goods and Services over \$150,000 are subject to tender

Council's tendering process is governed by the Local Government Act and associated regulations. Please refer to Council's Tendering Policy.

Summary of Procurement Categories

Dollar Value	Process	Documentation
Up to \$5,000	2 verbal quotes	<ul style="list-style-type: none"> • Quotation Record Form
\$5,000 - \$10,000	3 written quotation	<ul style="list-style-type: none"> • Quotation Record Form • 3 written quotes
\$10,000 - \$50,000	3 written quotation	<ul style="list-style-type: none"> • Quotation Record Form • 3 written quotes • Specification • Declaration of Interest Forms • Process Documentation • Letter notifying suppliers of outcome
\$50,000 - \$150,000	3 written quotations - formal process	<ul style="list-style-type: none"> • Quotation Record Form • 3 written quotes • Detailed Specification • Declaration of Interest Forms • Schedule of Quotations • Quotation Evaluation • Detailed Process Documentation • Letter notifying suppliers of outcome
\$150,000 and above	<i>Formal Tender Process</i>	<ul style="list-style-type: none"> • <i>Refer to Tender Policy</i>



Attachment 1 – QUOTATION RECORD FORM

Detailed Description of Goods and / or services.....
.....
.....

Organisations invited to submit quotations: (benefit may be gained by obtaining more than the minimum three quotations)

Company	Reps Name	Cost	Discount ?	Delivery ?

Have 3 quotations been called? (Tick) Yes [] No []

Reasons for not calling 3 quotations
.....

Have you source quotes from a preferred supplier?
(Tick) No [] LGov Procurement [] NSW Gov't Contract [] SSROC []
Other []

Have environmental issues been considered (Tick) Yes [] No [] Sustainable Choice []

Comments
.....

Is quotation accepted the lowest price? (Tick) Yes [] No []

Reasons for accepting quotation which is not the lowest price:
.....
.....

I, the approving officer, declare that I have no direct or indirect interest with the individual or organisation that is being approved to provide the goods and services

Order number issued Date

Approving Officer (Name)

Approving Officer (Signature)



Attachment 2 – Declaration of Interest Form

**DECLARATION OF NO CONFLICT OF INTEREST BY
TENDER PANEL MEMBERS AND PURCHASING OFFICERS**



**Ashfield
Council**

Tender # / Purchase Order #

.....

Description of Procurement

.....
.....
.....
.....

I(print name and position)
declare that I have **NO** conflict of interest in assessing the above tender/procurement and
have no association with any tenderer/supplier or their immediate families.

Signed..... **Date**.....

Attachment 3 – Preferred Suppliers List

To access the preferred suppliers listings go to:

NSW Government Contract

<http://www.nswbuy.com.au/home.aspx>

Local Government Procurement Contracts

<http://www.lgp.org.au/www/html/1166-current-contracts.asp>

To access the Buyers Guide

User Name: LGP Council

Password: CouncilPass

SSROC Contracts

Contact Council's Purchasing Co-ordinator

LGSA Sustainable Choice (cannot be used instead of tender)

<http://www.lgsa-plus.net.au/www/html/956-sustainable-choice.asp>