

TEMORA SHIRE COUNCIL



TEMORA

The Friendly Shire

PROCUREMENT PROCEDURE

ACTIVE

Review Details

ABOUT THIS RELEASE

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Procurement Procedure

The following sets out the process for the procurement of goods and services at Temora Shire Council.

It is set out so that the user can select options that will lead them to the correct method of procurement based on the value of the goods or services being obtained.

Procurement Value (GST exclusive)	
Less than \$5,000	Go to Section 1
Between \$5,001 - \$10,000	Go to Section 2
Between \$10,001 - \$50,000	Go to Section 3
Between \$50,001 - \$150,000	Go to Section 4
Between \$150,001 - \$250,000	Go to Section 5
Tender & Contract in excess of \$250,000	Go to Section 6
Government Contract (all values)	Go to Section 7
Emergency Event (all values)	Go to Section 8

1. Goods & Services less than \$5,000 (ex. GST)

A minimum of one (1) verbal quotation must be obtained, or use tendered rates from Council's [Approved Supplier Register](#).

A summary of the process is available in [Table 1 – Levels of Purchase](#).

2. Goods & Services between \$5,001 - \$10,000 (ex. GST)

A minimum of one (1) written quotation must be obtained, or use tendered rates from Council's [Approved Supplier Register](#).

If for some reason a written quotation cannot be obtained, the reasons are to be documented on the Quotation Record Form and referred to the appropriate departmental Manager prior to commitment to purchase.

The Manager will review the requisition and make a determination on the acceptance of the purchase.

When considering quotations, reference should be made to the [Preference for Local Provider Policy](#).

A summary of the process is available in [Table 1 – Levels of Purchase](#).

3. Goods & Services between \$10,001 and \$50,000 (ex. GST)

A minimum of two (2) written quotations must be obtained, or use tendered rates from Council's [Approved Supplier Register](#).

Where two (2) written quotations are obtained, the quotation most advantageous to Council shall be selected.

If for some reason two (2) written quotations cannot be obtained, or the quotation most advantageous to Council is not recommended for selection the reasons are to be documented on the Quotation Record Form and referred to the appropriate departmental Manager prior to commitment to purchase.

The Manager will review the requisition and make a determination on the acceptance of the purchase.

When considering quotations, reference should be made to the [Preference for Local Provider Policy](#).

A summary of the process is available in [Table 1 – Levels of Purchase](#).

4. Goods & Services between \$50,001 - \$150,000 (ex. GST)

Check you have the appropriate Delegated Authority.

For purchases of goods or services in this category it is necessary to ensure a [Minor Quotation Specification](#) is developed to be disseminated to prospective suppliers including any Council Approved Suppliers.

Where three (3) written quotations are obtained, the quotation most advantageous to Council shall be selected.

If for some reason three (3) written quotations cannot be obtained, or the quotation most advantageous to Council is not recommended for selection the reasons are to be documented on the Quotation Record Form and referred to the appropriate departmental Manager prior to commitment to purchase.

The Manager will review the requisition and make a determination on the acceptance of the purchase.

When considering quotations, reference should be made to the [Preference for Local Provider Policy](#).

There may be instances where a tender is beneficial below threshold levels in accordance with procedures for [Tenders for Policies below \\$250,000](#)

A summary of the process is available in [Table 1 – Levels of Purchase](#).

5. Goods & Services between \$150,001 - \$250,000 (ex. GST)

Check you have the appropriate Delegated Authority.

For contracts between \$150,001 - \$250,000, either a formal Request for Tender (RFT) or Request for Quotation (RFQ) is to be invited by either selective or public advertisement.

It is good practice to call for tenders; however it is NOT a legislative requirement. The following circumstances may arise where a formal tender would not be feasible:

- (a) Timeframe does not permit a full tender process
- (b) The tender is of a local nature (unlikely that businesses external to Riverina business would apply)
- (c) The potential benefit of tendering is likely to be outweighed by the cost of the process

If selecting an RFT purchasing process, refer to [Tender Procedure](#)

If selecting an RFQ process a minimum of three (3) written quotations shall be obtained and the quotation most advantageous to Council shall be selected.

It is required when undertaking an RFQ process that a [Detailed Quotation Specification](#) is developed to be disseminated to prospective suppliers including any Council Approved Suppliers

If for some reason three (3) written quotations cannot be obtained, or the quotation most advantageous to Council is not recommended for selection the reasons are to be documented on the Quotation Record Form and referred to the General Manager prior to commitment to purchase.

The General Manager will review the requisition and make a determination on the acceptance of the purchase.

When considering quotations reference should be made to the [Preference for Local Provider Policy](#).

There may be instances where a tender is beneficial below threshold levels in accordance with procedures for [Tenders for Policies below \\$250,000](#)

A summary of the process is available in [Table 1 – Levels of Purchase](#).

6. Tenders & Contracts in excess of \$250,000 (ex. GST)

Check you have the appropriate Delegated Authority.

For purchases in excess of \$250,000 (GST ex) a formal RFT process shall be undertaken by public advertisement in accordance with *Section 55 of the Local Government Act 1993 & the Local Government (General) Regulation 2005*.

Note: This excludes purchasing under Clause 7; Government Contracts.

A summary of the process is available in [Table 1 – Levels of Purchase](#).

7. Government Contract

Should the purchase of goods and services be available under an existing contract with one of the prescribed organisations listed below, Council staff have the option to engage them without referring to the Levels of Purchase requirements.

- Local Government Procurement (LGP)
- Procurement Australia (PA)
- Another Council
- State or Federal Government

In this instance, purchases shall be undertaken consistent with [Purchase Order Administration](#). In addition, the organisation utilised for supply of the goods or services must be listed on the order.

A summary of the process is available in [Table 1 – Levels of Purchase](#).

8. Emergency Event

For the purposes of this Procedure, an emergency is defined as:

The immediate non supply of the goods or service would pose a health, safety or financial risk to the Council and /or the community.

Should the purchase of goods and services be required in the event of an emergency, the following is to be obtained without referring to the Levels of Purchase requirements.

- Written approval shall be obtained from the General Manager prior to proceeding with purchase, and the reason is to be adequately documented.

A summary of the process is available in [Table 1 – Levels of Purchase](#).

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Table 1: Levels of Purchase

Category	Value of Goods & Services (GST Ex.)	Requirement Summary	Purchase Records
1	Goods & Services less than \$5,000	<ul style="list-style-type: none"> • Minimum of 1 verbal quote or use tendered rates from Approved Supplier Register. • Quotation Record <p><i>Note: Quote and/or Approved Supplier selection must be deemed reasonable by a Delegated Authority.</i></p>	<ul style="list-style-type: none"> • Purchase Order Form • Quotation Record Form • Daily Plant and Labour Hire Timesheet
	\$5,001 - \$10,000	<ul style="list-style-type: none"> • Minimum of 1 written quote or use tendered rates from Approved Supplier Register. • Quotation Record <p><i>Note: Quote and/or Approved Supplier selection must be deemed reasonable by a Delegated Authority.</i></p>	<ul style="list-style-type: none"> • Purchase Order Form • 1 Written quote • Quotation Record Form • Daily Plant and Labour Hire Timesheet
	\$10,001 - \$50,000	<ul style="list-style-type: none"> • Minimum of 2 written quotes or use tendered rates from Approved Supplier Register <p><i>Note: If 2 quotes are not possible, the reasons must be documented on the Quotation Record</i></p> <ul style="list-style-type: none"> • Quotation Record <p><i>Note: Quote and/or Approved Supplier selection must be deemed reasonable by a Delegated Authority.</i></p>	<ul style="list-style-type: none"> • Purchase Order Form • 2 Written quotes • Quotation Record Form • Daily Plant and Labour Hire Timesheet
	\$50,001 - \$150,000	<ul style="list-style-type: none"> • Quotation Specification development • Distribution via email to Approved Suppliers and other suitable suppliers. • Minimum of 3 written quotes. • Quotation Record 	<ul style="list-style-type: none"> • Purchase Order Form • 3 Written quotes • Minor Quotation Specification Form • Quotation Record Form • Process documentation
2	\$150,001 - \$250,000	<ul style="list-style-type: none"> • Where feasible, a formal tender process (public or selective) should be adopted (see purchases >\$250,000). • Where not possible, the below conditions apply: • Detailed Quotation Specification development • Distribution via email to Approved/other suitable suppliers • Minimum of 3 written quotes • Prescribed evaluation • Supplier outcome response • Quotation Record 	<ul style="list-style-type: none"> • Compliance with Tender Procedure OR • Purchase Order Form • 3 Written quotes • Detailed Quotation Specification Form • Quotation Record Form • Declaration of Interest Form • Quotation Evaluation Form • Process documentation • Letter notifying suppliers of outcome
3	\$250,001 and above	<ul style="list-style-type: none"> • Formal tender process. 	<ul style="list-style-type: none"> • Compliance with Tender Procedure
Other	Government Contract	<ul style="list-style-type: none"> • Less than \$5000. Delegated Authority Approval • \$5,001 - \$150,000. Departmental Manager / Director Approval • Greater than \$150,000. General Manager Approval 	<ul style="list-style-type: none"> • Purchase Order Form
	Emergency Event	<ul style="list-style-type: none"> • Written approval from General Manager 	<ul style="list-style-type: none"> • Written approval from General Manager

Purchase Order Administration

Council Purchase Orders are to be issued in respect of any purchase entered into by Council with the exception of acquisitions made using credit cards, NDIS and Home Care Package purchases, or contracts entered into by Council which are repetitive in nature e.g. utility accounts.

Credit Card usage is to be strictly in accordance with [Policy G9 – Corporate Credit Card Usage](#).

Where a Council purchase card is used, the purchase must be backed by a Council Purchase Order, completed prior to the purchase.

Management of Council Purchase Orders booklets shall be restricted to the Council Procurement Officer, Councils executive management, or a delegate of the executive (secretary).

Council Purchase Orders shall be issued in strict accordance with the following procedure;

1. Obtain agreement from a staff member with the appropriate Delegated Authority, that satisfactory purchasing process and compliance with this Procedure has been achieved and that purchasing may proceed.
2. Acquire the Purchase Order booklet from the Delegated Authority and complete the Purchase Order Form.

Information recorded must include;

- (a) the business name and address of the supplier,
 - (b) the date of the requisition to purchase,
 - (c) an estimated quantity of goods or service being purchased,
 - (d) a description of the goods or service being purchased,
 - (e) a delivery address for the goods or service (if applicable),
 - (f) a job number relating to the purchase,
 - (g) an estimate of the purchase price, excluding GST or a notation that GST is included for each individual item,
 - (h) the name of the Council officer requisitioning the order, and
 - (i) a signature from the Delegated Authority.
3. Provide a copy of the signed Purchase Order Form to the supplier as confirmation to proceed with the purchase.
Note: For orders under the value of \$50,000 the Purchase Order number may be verbally conveyed to the supplier, at the supplier's discretion.
 4. Attach appropriate purchase records listed in [Table 1 – Levels of Purchase](#) to the original Purchase Order Form and forward to the Records Officer for electronic filing within Council's records management system.
 5. Following completion of the contract, the supplier shall quote the Purchase Order number on the tax invoice and forward to accounts@temora.nsw.gov.au for processing.
 6. Invoices received shall be matched by Purchase Order numbers and distributed to the appropriate Delegated Authority for reconciliation.
 7. The Delegated Authority shall reconcile the invoice with the Purchase Order Form and return the invoice and the blue carbon copy of the Purchase Order Form to the accounts section of Council. The Delegated Authority shall state the words "OK to Pay", along with his or her signature on the Purchase Order Form to confirm payment can be processed.

Notes:

1. *Under no circumstances are orders to be split so that the total value of the order falls under a particular purchase level. If an entire order is of greater value than the individuals Delegated Authority level, it must be referred to the appropriate manager for further authorisation.*

2. No orders are to be placed with suppliers without an official Purchase Order being supplied by Council first.
3. All suppliers are instructed not to supply goods unless they make reference to an official Temora Shire Council Purchase Order number.
4. Multiple plant and labour hire purchases from the [Approved Supplier Register](#) may be combined into one rolling Purchase Order provided the following conditions are met;
 - a. The combined purchase is from an individual contractor.
 - b. The value of the combined purchase does not exceed \$50,000.
 - c. The maximum length of the rolling purchase order is 30 days (one month)
 - d. Each individual purchase is verbally approved by a delegated authority.

If a provider supplies goods/services without a Purchase Order number, and produces an invoice to Council without reference to an official Purchase Order number, Council reserves the right to refuse payment for those goods or services.

Tendering for Purchases below \$250,000

Purchases below \$250,000 are typically carried out in accordance with [Table 1 – Levels of Purchase](#).

Whilst not a legislative requirement, the below triggers form a basis for which a formal RFT process should be considered over standard purchasing methods.

- Likely a better outcome will be achieved through an RFT process
- Highly contentious or complex purchases
- Perception of favouritism or pecuniary interest between suppliers and staff

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Quotation Process

Submission of Quotation

For [Category 1](#) purchases, there is no pre-defined timeframe for the submissions of quotations and the successful quotation may be awarded once [Table 1 – Levels of Purchase](#) conditions have been met.

For [Category 2](#) purchases, a minimum of seven (7) days is to be allowed for submission of quotations, unless deemed urgent by an appropriate manager.

Quotations may be forwarded by email, or in writing (posted or hand-delivered) and must be received in accordance with the timeframe in the respective Quotation Specification.

Procurement records may be retained during the purchase process by the staff member undertaking the purchase, however following completion of the purchase all records must be forward to the Records Officer for electronic filing within Council's records management system.

If for any reason conditions of [Table 1 – Levels of Purchase](#) cannot be achieved in the quotation process, the Delegated Authority approving the purchase must note accurately on the [Quotation Record](#) Form, reasons why the conditions have not been achieved.

Evaluation of Quotations

A formal evaluation of quotations shall be undertaken for purchases in [Category 2](#), noting that formal assessment can be undertaken for quotations in [Category 1](#) at the Authorised Delegates discretion. Where evaluation is required the [Quotation Evaluation Form](#) is to be used.

A Delegated Authority shall approve the assessment process and have regard for, but not limited to, the following criteria;

- (a) Track record of company, its general reputation for work competence, delivery, service etc.
- (b) Product quality, quality standards, suitability etc.
- (c) Technical expertise, credential of key personnel, systems and techniques, depth and nature of support.
- (d) Time performance, ability to provide goods and services on time.
- (e) Price, type of fee, contingencies, terms and conditions.
- (f) The price should not be limited to up front price alone, as this may distort the true long-term cost to Council. Price should also include consideration of the life cycle costs and incorporating issues such as cost of installation, maintenance, replacement and disposal.
- (g) The ability of the provider to demonstrate that they can comply with current Workplace Health and Safety, Workers Compensation and Environmental Legislation applicable to the contracted works.
- (h) The ability of the contractor to demonstrate that they can meet the provisions of Temora Shire Council's Workplace Health, Safety and Environmental Policies and Procedures
- (i) Enhancement of the capacity of local business, goods and services supplied locally. Is the quotation in accordance with the Local Purchase Policy of Council
- (j) Degree to which the goods and services meet Council's sustainable procurement principles

For the purpose of the assessment a weighting is to be assigned to the attributes within the assessment criteria.

Acceptance of Quotations

Quotation details are to be documented on the [Quotation Record](#) Form. Once evaluation of quotations and/or selection of a successful supplier is decided, all process documents are to be forwarded to the Records Officer for electronic filling within Council's records management system.

The issue of a signed Council Purchase Order to a supplier in accordance with [Purchase Order Administration](#) process signifies Council's acceptance of the supplier terms and approves a purchase to be executed.

Successful and unsuccessful suppliers are to be notified as soon as possible after a contract is awarded. For purchases in [Category 2](#), a [Notification Letter](#) must be sent to all suppliers advising of the quotation outcome. This notification advice shall not disclose confidential particulars of the successful quotation.

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Approved Supplier Arrangements

Approved Supplier Register

Procurement of plant and labour hire services (up to the value of \$50,000) from the [Approved Supplier Register](#) shall be undertaken consistent with [Purchase Order Administration](#), and further, plant and labour hire suppliers shall complete the [Daily Plant and Labour Hire Timesheet](#) which is to be signed by a Council delegate and submitted with invoice for payment.

The Council officer initiating the purchase shall be responsible for ensuring all supplier information is current (registration, insurance, etc.) and that any subcontractor engagement proposed by the supplier is established as a Council contractor prior to the supply of a Council Purchase Order.

Preference for Local Provider Policy

A Local Provider is defined as a supplier of goods or services which conducts a business from premises located within the Temora Shire Council area and which is engaged in the supply of goods or services similar to those which are subject of the tender or quotation.

- 1 When considering tenders and quotations, consideration should be given to local suppliers and the following taken into consideration:
 - (a) Price (including freight)
 - (b) Availability of goods and services;
 - (c) Availability and access to after-sales service and maintenance;
 - (d) Competence and ability to supply the goods and services to specification;
 - (e) Quality and type of the product;
 - (f) Long term benefits of a competitive marketplace and local economic effect of the decision;
 - (g) All other factors relevant to consideration of the tender or quotation;
 - (h) Consideration of the specialist nature of supply.

Note: Council staff shall allow a purchase preference for Local Providers to a value of 10% or \$1,000, whichever is the lesser value.

- 2 Ideally, quotations should be sourced from the local supplier, except in the following instances:
 - (a) Unavailability of a business that is a core supplier of the product or service required. That is the business should be specifically established to provide expertise in the area required. An example would be where Council requires a service such as a landscape design, there are several individuals and businesses who provide facets of the requirement but do not provide a total solution. In this instance no local quotation would be sought.
 - (b) Where an item is provided in accordance with NSW Government procurement contract by a local provider, the local purchase policy will not apply, and the conditions of the contract will be strictly applied.
 - (c) Past Pricing Experience. Council are fortunate to be able to access government contracts which in reality local business cannot generally compete with. After initially establishing this by quotation, there will be no need to test each subsequent purchase within a 12-month period.

- (d) Availability of Expertise. Some local businesses can access goods and services however these are not core items; hence knowledge, advice and assistance can be lacking. An example could be high end electronic technology with which significant advice on product could be required. In this instance the immediate approach would be to the experts in the field.
 - (e) Expediency. Where a delay occurs in the delivery of a local product, Council may seek alternative supplies.
 - (f) Materiality. Where an item is insignificant or part of a larger project contracted externally, expediency dictates that the item will be purchased externally.
- 3 Council will not negotiate with local suppliers to reduce the pricing structure after considering the market. That is, all suppliers are expected to supply their best price initially, and Council will operate on this assumption.
 - 4 Council purchasing staff must be prepared to justify to Council external purchases where a similar product is available locally. It is expected that justification will be in the form of written record detailing the reasons for the decision.
 - 5 Tenderers for major projects should be advised that where possible, local services should be used and preference will be given to tenderers utilising local contractors.
 - 6 All tenderers should be advised of this Procedure when tenders are called;
 - 7 **This procedure is a statement of intent by Council and takes account of the importance of local business by acknowledging that such businesses should be given consideration in the procurement function of Council. This procedure is a guidance document and should not be read as a legal requirement.**

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Delegated Authority

Only those Council staff with Delegated Authority from the General Manager to authorise expenditure, subject to the nominated monetary limitations, may execute a purchase on Council's behalf. The nominated monetary limits vary depending on the individual's level of authority and role within Council.

The levels of authority for those Council staff with authority to incur and approve expenditure can be found under "Council Policies - Staff Delegations" on Council's delegation system.

The limits put in place are to be strictly adhered to with the onus being on the individual employee to ensure that they do not abuse their authority level. Under no circumstances are orders to be split so that the total value of the order falls under the amount of the individual's authority level.

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.

Staff with Delegations of Authority to purchase must adhere to the procedures relating to the obtaining of quotations, use of Purchase Orders, and the obtaining of invoices as detailed in this Procurement Plan. Staff with Delegations of Authority to purchase must have regard to budget considerations and the management of existing resources when making purchasing decisions. Managers and supervisors shall oversee their reporting staff member's use of Council resources.

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Appendices

Appendix A: [Quotation Record Form](#)

Appendix B: [Daily Plant and Labour Hire Timesheet](#)

Appendix C: [Quotation Specification \(minor\)](#)

Appendix D: [Quotation Specification \(detailed\)](#)

Appendix E: [Quotation/Tender Evaluation Form](#)

Appendix F: [Outcome Letter](#)

Appendix G: [Declaration of Interest Form](#)

Appendix H: [Tender Procedure](#)

Appendix I: [Approved Suppliers Register](#)

Appendix J: [Approved Suppliers Application Pack](#)