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| POLICY NO. | CPFM3 |
| POLICY TITLE | Procurement and Contract Management Policy |
| STATUS | Council |
| SERVICE | Financial Management |
| DOCUMENT ID | 602378 |

PURPOSE

The purpose of the policy is to:

- Assist organisations who have business dealings with Council to adopt standards of ethical behaviour that meet Council's Code of Conduct requirements.
- Uphold the principles and practices of best practice procurement to secure the best value for money for Council and the wider community.
- Provide a clear and standardised approach to managing and administering contracts for goods and services, which maximises benefits realised for existing and future procurement activities.

This policy also describes the legislative framework within which Hunter's Hill Council operates. It should be read and implemented with the Council's Procurement Procedures Manual, which provides guidance for Council staff in their day-to-day activities in procurement and contract management.

It is the personal responsibility of all Council employees and agents thereof to have knowledge of, and to ensure compliance with this policy and related procedures.

SCOPE

The Policy applies to all procurement and contracting activities undertaken by Hunter's Hill Council.

The following are excluded from this Policy:

- Employment contracts
- Non-binding Memoranda of Understanding,
- Partnering and collaborative contracts with other Local or State organisations.

DEFINITIONS

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| Contract owner | The Council staff member who is ultimately accountable for the outcomes of the contract, usually the Director or Manager with the financial delegation. The Contract Owner also approves contract variations (within their financial delegation). |
| Contract register | A register maintained for all procurements valued at over \$50,000. |
| Employment contracts | Any person with an employment contract with Council and works full time, part time, a casual or term contract basis. |

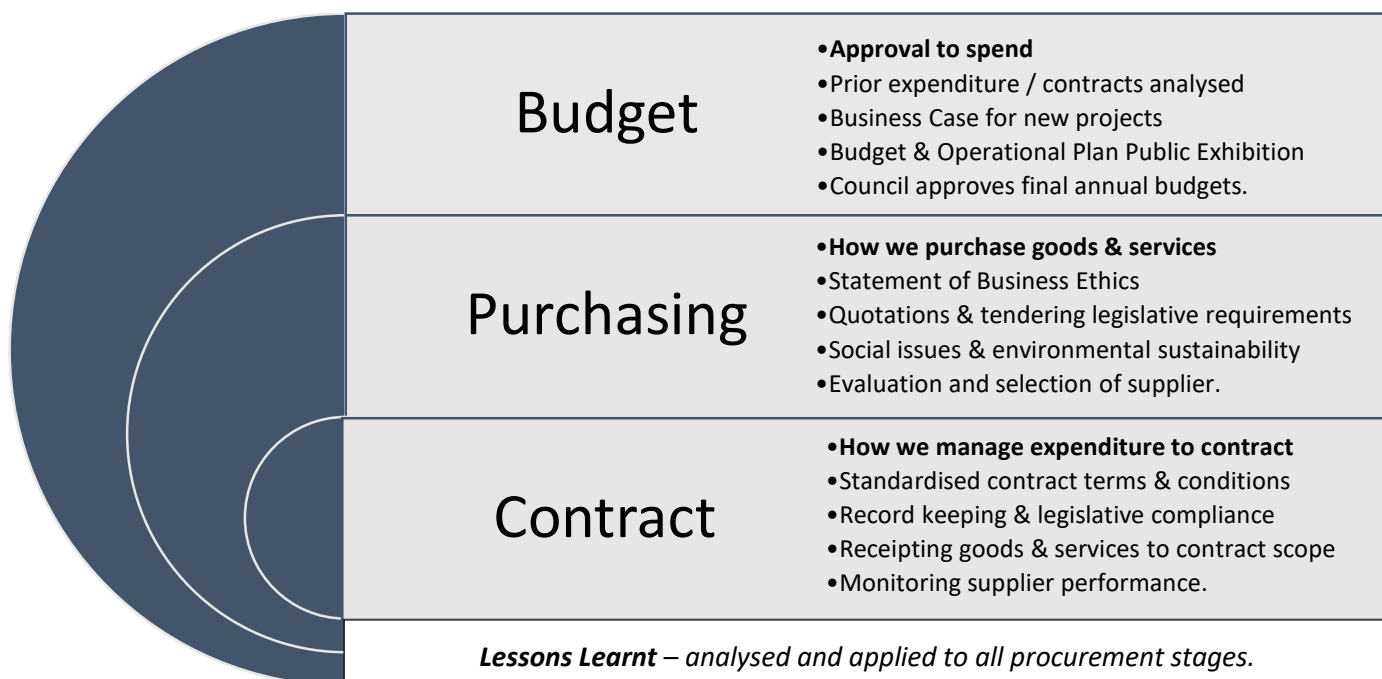
| | |
|---------------------------------------|--|
| Financial Delegations | Financial delegations define the financial limitations which specified staff may coordinate procurement, approve a purchase, and manage contractual processes. |
| Modern Slavery | Defined in the <i>Modern Slavery Act 2018 (NSW)</i> as any conduct constituting an offence which involves the use of any form of slavery, servitude or forced labour to exploit children or other persons taking place in the supply chains of organisations. |
| Responsible Accounting Officer | Clause 203(1) of the <i>Local Government (General) Regulation 2021 (the Regulations)</i> requires a council's delegated responsible accounting officer to prepare a quarterly budget review statement to the governing body of council. |
| Social Procurement | Using the Council's purchasing power to generate opportunities for social benefits, promotes fair and ethical trade and employment such as procuring from disability providers and other non-profit organisations. |
| Value for money | Selecting supplier of goods (or services) based on financial and qualitative criteria, including: <ul style="list-style-type: none"> • contribution to the Council Strategic Plan • fitness for purpose, quality, service and support, risk, and environmental and sustainability factors • whole-of-life costs, transaction costs associated with the purchase, utilisation, maintenance and disposal of the goods, materials or assets. |

POLICY STATEMENT

1. Whole of Procurement Lifecycle – Budgeting to Contract Management

The diagram below summarises the responsibilities and obligations for each stage of the procurement lifecycle.

Under section 377 of *Local Government Act (1993)*, the elected governing body is required to approve Council budgets. Delegated staff, within defined financial limits, procure and manage contracts on Council's behalf.



This policy provides for a standardised approach to administering the procurement of goods and services which enables Council to achieve the following corporate objectives:

- ✓ Value for money - as the evaluation of all purchases account for price, service and whole of contract life costs and benefits.
- ✓ Ongoing supplier performance is monitored - so that quality of service delivery is maintained, and opportunities for improvement can be identified.
- ✓ Contractual risks are mitigated with all parties aware of contractual and legislated obligations.
- ✓ Staff are adequately skilled and trained – delegated council officers understand their roles and responsibilities in managing procurement contracts on behalf of Council.

2. Statement of Business Ethics - Council staff and suppliers

Our organisational values are to:

- Provide a range of services that meet community needs as effectively and economically as possible.
- Use information to learn and to improve our services.
- Make fair and responsible decisions.
- Promote the principles of ecologically sustainable practices.

Council staff, suppliers, contractors, and consultants must act with integrity, honesty and display ethical behaviour at all times throughout the procurement lifecycle. This includes:

- Promoting fair and open competition while seeking best value for money.
- Abstain from collusive practices and refraining from offering financial or other inducement which may give any impression of unfair advantage.
- Prevent unauthorised release of privileged information, including confidential information.
- Document all procurement decisions thoroughly and in accordance with Council’s Records Policy.
- Ensure compliance to Work, Health & Safety laws and policies, and other relevant legislative instruments which apply to the procurement contract.

All council delegated procuring officers and contract owners (and any supporting staff managing the procurement contract) must declare, and appropriately, manage any conflicts of interest, including declining any gifts or benefits in accordance with the requirements of Council’s Code of Conduct.

3. Procurement Framework – Financial thresholds, quotation exemptions and evaluation plans.

All procurement must be undertaken within financial delegations, and contracts and/or purchase orders must be approved and issued prior to works commencing. This allows Council to conduct business activities in an efficient and timely manner whilst maintaining transparency and integrity.

The following financial limits apply to the methods that Council utilises to obtain goods and services. Suppliers contracted under Council panels, NSROC and prescribed organisations should be utilised in the first instance, and only when a contract doesn’t exist should the officer seek external quotes.

| Value per annum | Minimum Requirements |
|----------------------|--|
| < \$4,999 | One written quote. |
| \$5000 - \$50,000 | Two written quotes and Quotation Evaluation Report completed. |
| \$50,001 - \$249,000 | Three written quotes and Quotation Evaluation Report completed. Formal scope of works and specifications are required to be issued (our Request for Quotation template includes the standard terms and conditions for supplying goods and services to Council). |
| >\$250,000 | Request for Tender as per the requirements of the <i>Local Government Regulations (2021)</i> |

All evaluation reports must identify the criteria and weighting of assessment assigned to each evaluation category i.e. Price and Non-price rankings such as: delivery to scope of works and specifications, financial sustainability assessment (for civil and construction contracts), legislative compliance, insurance coverage, social and sustainable procurement.

To provide independent oversight, including assurance that budgetary requirements are met, for procurement valued at \$50,000 or more, Council’s delegated Responsible Accounting Officer (or delegate) is required to be a member of the evaluation panel.

There are limited circumstances where quotation exemptions may apply, or where POs may not be required. These are set out in Council’s Procurement Procedures Manual. Where an exemption is sought, officers are required to complete a Quotation Exemption Form approved by the General Manager (or delegate).

4. Social Procurement, Modern Slavery and Environmental Sustainability

When buying for Council, staff are to consider how to assist advance the Council’s economic, environmental and social objectives.

Council will not engage with any vendors engaged in Modern Slavery practices. Exploitative practices including human trafficking, slavery, servitude, forced labour, debt bondage and forced marriage are all considered modern slavery and are serious crimes under Australian law.

Hunter’s Hill Council supports and actively promotes sustainability in all facets of its operation so it is essential that procurement incorporate principles of environmental sustainability to minimise Council’s impact on the environment. Staff must consider the total life cost and impact of all goods including need, manufacture, transport, packaging, in use and disposal such as recyclability and biodegradability.

5. Contract Owner Responsibilities – confirming receipt of goods and services to contracted scope of works.

All suppliers must present invoices (claims for payment) to Council’s contract owner (or their delegate).

Through Council’s corporate purchasing and finance system, the contract owner confirms that goods (or services) have been provided to Council in accordance with the contractual (and/or Purchase Order) scope of works. Invoices are paid on confirmation by the contract owner of the receipt of goods and services.

Where suppliers furnish progress claim invoices, in accordance with the *Building and Construction Industry Security of Payment Act (1999)*, Council’s contract owner must ensure the payment schedule is reviewed in a timely manner as per the requirements listed in this legislation.

6. Performance Management and Reporting

Procurement evaluation forms the basis of effective management of Council’s limited resources.

Council staff are required to monitor performance of all contracts. Lessons learnt can then be applied across the entire procurement lifecycle. Areas which should be evaluated include:

| Includes (but not limited to): | |
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| Contractor performance | – Measure Key Performance Indicators such as: orders delivered to contract scope, on-time delivery, defect rates, community satisfaction surveys. |
| Opportunities to review processes | – Seek feedback from suppliers, users, contractors and consultants to determine their satisfaction with the procurement. |
| Implement improvements | – Review and update manuals, plans and policies – Implement staff training. |

7. Mandatory Requirements – Contracts Administration and Performance Monitoring

The following applies to all Council Contracts, valued at \$50,000 or more:

| Minimum requirements: | |
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| Standardised contractual terms & conditions | <ul style="list-style-type: none">– Staff must use Council issued contract templates at all times (which is contained within the Council Request for Quotation template attached as an appendix to the Procurement Procedures Manual). |
| Recordkeeping | <ul style="list-style-type: none">– Issued Request for Quotation (RFQ), Supplier submission to RFQ and Council's issued Letter of Acceptance becomes the executed contract– All executed contracts, must be registered with the records section to ensure registration to Council's legal contracts register. |
| Performance monitoring | <ul style="list-style-type: none">– A lessons' learnt log template is included in Council's Procurement Manual. This is required at least annually over the term of the Contract, and upon completion of a Contract.– Evaluations must be registered in Council's records management system. |
| Contract variations | <ul style="list-style-type: none">– In accordance with purchasing delegations, variations must be approved through Council's Purchasing and Finance System. The reasons for contractual variations must be documented and attached to corresponding purchase orders (PO).– To enable effective audit trail of variations, any subsequent PO variations through the purchasing system, must reference the PO approved for the original contract. |
| Contract Disclosures for contracts valued at \$150,000 (inc.gst) or more | <ul style="list-style-type: none">– In accordance with Part 3, Division 5 of the <i>Government Information (Public Access) Act 2009 (GIPA Act)</i>, Council will maintain and publish on its website a register of all Council contracts that records key information about each contract Council enters into with the private sector which has or is likely to have a value of \$150,000 (incl. GST) or more. |
| Contract Disclosures for contracts valued at \$50,000 (inc.gst) or more | <ul style="list-style-type: none">– There is statutory requirement for Council's delegated Responsible Accounting Officer to report contracts entered above \$50,000 (inclusive of GST) as a part of the Quarterly Budget Review (QBR) Statement.– The QBR Statements are tabled to the Ordinary Meeting of Council, for respective quarterly periods ending September, December and March of each financial year. |

RELATED RESOURCES

Local Government Act (1993)

Local Government (General) Regulation 2021 – Part 7 Tendering

Government Information (Public Access) Act 2009

Building and Construction Industry Security of Payment Act (1999)

Modern Slavery Act 2018 (NSW)

Tendering Guidelines for NSW Local Government.

Quarterly Budget Review Statement for NSW Local Government.

Hunter's Hill Council Code of Conduct.

Corporate Credit Card Policy.

Fraud Prevention and Control Policy.

Hunter's Hill Council Procurement Manual (Operating Procedure).

POLICY AUTHORITY

Council (or General Manager for minor amendments)

REVIEW

This policy is to be reviewed each term of Council (or sooner, where legislative amendments occur).

ADOPTED BY COUNCIL:

DATE: 28 October 2024
RESOLUTION NO: 119/24

VERSION CONTROL TABLE

| DATE | VERSION | RES. NO. | KEY CHANGES | AUTHOR |
|-------------------|---------|----------|---|--|
| 19 September 2022 | 1 | 209/22 | Consolidation of Procurement Policy and Statement of Business Ethics. Whole of life procurement updated, with contract management included to the policy. | Director Finance & Corporate Strategy |
| 28 October 2024 | 2 | 119/24 | Tabled to newly elected Council. Minor amendments include changes in legislative provisions. | Director Finance, Procurement & Projects |