



SUSTAINABLE PROCUREMENT AND CONTRACTS POLICY

DOCUMENT AUTHORISATION

RESPONSIBLE OFFICER:		CHIEF FINANCIAL OFFICER (CFO)			
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7	28/11/2019	12.11/19	N/A	Management Accountant	Council
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Note: Document Control continued at Appendix A



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General Manager

7 December 2023

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Date

ACKNOWLEDGEMENT OF COUNTRY

Glen Innes Severn Council acknowledges and pays respect to the Ngoorabul people as the traditional custodians of this land, their elders past, present and emerging and to Torres Strait Islander people and all First Nations people.

PURPOSE

The purpose of this Policy is to provide an overview of the Council Procurement and Contract Framework and Principles that **MUST** be followed by all Council officers and representatives when purchasing goods and services and managing associated contracts. The Framework provides simple guidance to help you procure and manage goods, services, or projects based on an assessment of Value and Risk.

APPLICABILITY

This policy applies to all Council officers and representatives who have delegated authority to purchase goods and services, public construction works and services, and manage the associated contracts on behalf of the Council.

It commits every individual involved in procuring and managing contracts for goods, services and works, to actively ensure that all activities are:

- legal;
- accountable and auditable;
- fair and competitive;
- ethically, environmentally, and socially responsible;
- economically effective;
- conducive to maintaining the Council's ability to exploit appropriate technological, commercial, and organisational developments as they arise;
- capable of identifying, minimising, and managing risks that may threaten projects, procurements, or contracts; and
- free of any direct or indirect conflict of interest.

The scope of the Policy commences from when Council has identified a need for procurement, continues through to the award, delivery, management and closing of the contract.

The word '**MUST**' is used throughout this Policy and Guidance to describe key principles against which Council will be audited and non-compliance identified. Non-compliance may result in disciplinary actions.

OUTCOMES

This Policy focuses on outcomes instead of processes and aims to balance compliance with flexibility that delivers value for money, aligns with business needs, improves service delivery, and supports a competitive local economy.

This Policy supports delivery of Councils 'Community Strategic Plan' to achieve a sustainable Local Region. Refer to the Draft Operational Plan for 2023/2024, under Draft Operational Plan Actions, sections "Stores and Procurement and Finance STC 5.3.4.1."

Sustainable procurement and contract management takes responsibility for the Economic, Environmental, Social and Governance impacts of any purchase – goods or services. These four factors are referred to as the Quadruple Bottom Line (QBL) and relate to a total lifecycle impact, and not just the upfront price.

More broadly, Sustainable Procurement considers:

1. The cost and **economic** impact of the procured product or service;
2. The **environmental** impact;
3. Any **social** and ethical implications; and
4. The application of good **governance**.

Sustainability is now an essential part of procurement. A sustainability lens ensure purchasing decisions are based on sound principles that maximise the benefit to the environment, society and meets community expectations. There is a clear duty of care to spend public funds responsibly, and in a way that protects, nurtures, and grows the environment and the economy and supports local businesses (including SMEs and minority owned), jobs and guards against modern slavery or any other unethical practices.

We embrace our responsibility to not only ensure the environmental, social, and economic sustainability of our community at a local level, but to also contribute to the overall health of the planet.

ROLES AND RESPONSIBILITIES

Position	Responsibilities
Council Officers	Accountable for managing procurement and contracts in accordance with Council's financial delegations, legislation, and this Policy. Council officers are required to demonstrate due diligence in each of the PLAN, SOURCE, MANAGE stages based on the value and risk of the project.
Chief Financial Officer	Overall responsibility of this Policy, its implementation and ongoing operational compliance.
Management Accountant and Purchasing and Supply Officer	Provide support and guidance in the interpretation and use of this Policy and associated Procurement and Contract Management Framework and Legislation.
Executive Leadership Team (MANEX)	Demonstrate leadership through commitment to Sustainable Procurement and Contract Management and to "walk the walk". Provide stewardship, oversight through review of "health checks" of procurement and contract management through consideration of regular reporting.

POLICY STATEMENT

The Council Framework consists of three broad stages:

- **PLAN;**
- **SOURCE;** and
- **MANAGE.**

When applying this framework and utilising the supporting templates, best practice and legislative requirements will be adhered to. This, in turn, will provide the best chance of reaching a successful procurement outcome, achieve value for money, mitigate risks and establish appropriate contract management standards.

Processes and guidance are balanced with the risk and value of projects, procurements, and contracts. Complex projects with a high risk and high value, require careful planning, stringent peer review of Requirements Documents (Specifications) prior to any approach to the market.

Conversely, for low risk and low value simple procurement requirements, there is greater flexibility to minimise indirect administrative costs and improve efficiency.

Procurement Principles

Accountability – Council is committed to ensuring accountability and transparency in its procurement activities. Accountability means that Council officers are responsible for the actions and decisions that they take in relation to procurement and for the resulting outcomes. Council officers **MUST** be able to demonstrate the basis of all decisions that can withstand any scrutiny.

Conflicts of Interest – A conflict of interest exists when a reasonable person might perceive that a public official's personal interest(s) could be favoured over their public duties. Conflicts of interest do not, in themselves, usually constitute corrupt conduct. Corrupt conduct can, however, arise when a conflict of interest is concealed, understated, mismanaged, or abused. Staff **MUST** declare, record, and save on file all identified conflicts.

Record Keeping – The Council records are its corporate memory, provide evidence of actions and decisions and represent a vital asset to support its daily functions and operations. Council officers **MUST** ensure appropriate documents and records are maintained in accordance with Council's Records Management Policy.

Confidentiality – Council officers **MUST** maintain the integrity and security of confidential information in their possession, or for which they are responsible. In addition to general obligations relating to the use of council information, Council officers **MUST** only access confidential information that they have been authorised to access and only do so for the purposes of exercising official functions and only release confidential information authorised to do so.

Risk Analysis and Management – Risk analysis and management are techniques applied to ensure that procurement processes contracts are successful. By adopting a 'what-if' mind-set it allows procurement to identify and assess the risks and prioritise them by aligning relevant resources to monitor, control and minimise or overcome the impact. Consideration of Risk should be managed in accordance with the Council's (Enterprise) Risk Management Policy and Procedures.

Sustainability (QBL) – Council's top priority is to procure sustainable and with positive Planetary Health outcomes a focus wherever possible (i.e., socially, environmentally, and economically sustainable results delivered through excellent governance and leadership practices). When procuring or contract managing for Council, Council officers **MUST** demonstrate that opportunities for sustainable outcomes have been adequately assessed and enacted, in accordance with Council's current procurement and contract management framework.

Emergencies – From time-to-time there may be a need to purchase goods or services due to an emergency whereby the requirements of Legislation and this Policy cannot be applied. An emergency is a situation that poses an immediate risk to health, life, property, or environment. Emergency procurement is only an option where Council must act immediately and take all reasonable and necessary action to mitigate any continuing risk associated with the emergency. This may only be used in cases of genuine emergency and not to remedy poor planning. Authorisation for emergency procurement **MUST** only be given under delegation to the General Manager (GM) or elected delegate.

Spend Thresholds Requirements – The estimate value of the contract is inclusive of Goods and Services Tax (GST) for all goods and services for the life of the contract, e.g., if you plan for a contract for an initial period of three years with a one year option to extend, the contract value is based on four years of spend. If you are making a once only purchase, the contract value is the total quoted price. The current tender threshold is \$250,000 including GST for the life of the contract. Council officers **MUST** not split Purchase Orders or contract value estimates to avoid defined or legislative process.

Purchase Orders – Suppliers **MUST** not be engaged to supply any Goods or commence any Services without first being issued with a valid Purchase Order. Purchase Orders are required to be in place prior to a Scope of Work being performed, for invoices to be paid, except in exceptional circumstances if approved by a manager with appropriate delegation. Invoices issued by Contracted Suppliers must have a valid Council Purchase Order reference number that is referenced on their invoice, or it may not be paid.

Purchase Cards – Council provides a purchasing card facility to enable the secure purchase of goods and services in support of legitimate Council business. Purchasing cards are intended to provide an efficient method of purchasing Ad-hoc travel, accommodation and minor expenses or urgent items where no preferred supplier agreement is in place. Council officers issued with a corporate purchasing card are in a position of trust regarding the use of public funds. Expenditure on a purchasing card **MUST** be in accordance with the Purchase Card Agreement signed by the Purchase Card holders (noting that they do not have financial delegations) and the fundamental requirements set out in this Policy, considering specific requirements of any associated Card Policy or Procedure.

SPEND THRESHOLD

The procurement methodology is dependent on the value threshold and/or risk of the purchase as shown below. All amounts 'include' GST. The value threshold to determine the methodology is the total accumulated spend for the procurement including any anticipated variations for the procurement activity.

Council has access to a range of Common Use Arrangements (CUA's). CUA's are pre-established panels of providers that should be used for commonly purchased goods and services. These arrangements have been established by either Council (or group of councils), Local Government Procurement, Procurement Australia, and NSW Procurement (State Government).

Contract Spend (including GST)	Requirement	Additional Information
All Spend Thresholds	<p>Review Common Use Arrangements (CUA) and access where possible.</p> <p>Consider any opportunity to incorporate Quadruple Bottom Line (QBL) initiatives.</p> <p>For purchases over \$250,000, a detailed statement as to how value for money is to be achieved must be recorded on the file.</p>	<p>CUA includes Local Government Procurement Contracts, existing internal panel contracts (originally procured under this policy).</p> <p>Local Government Procurement (LGP) has been prescribed under s55 of the Local Government Act 1993 (NSW), allowing councils to utilise supply arrangements coordinated by LGP without the need to go to tender in their own right. LGP therefore has the same status as NSW Procurement in having this legislative requirement.</p> <p>A purchase order must be approved and appropriately documented in Council's finance system by a person with appropriate financial delegation prior to acceptance or commitment to purchase</p>
Up to \$5,000	One quote, preferably written. Credit / Purchase cards to be utilised where possible.	Credit card reconciliation is the process of maintaining receipts, ensuring that the transactions made match the transactions, are complete, correct, and valid. Council officers must reconcile credit cards as directed.
\$5,000 - \$50,000	Three written quotes based on a common specification or documented evidence on how value for money is to be achieved.	<p>It isn't always practical to obtain quotes. If, for any reason the required quotes cannot be obtained, a detailed statement as to how value for money is to be achieved must be recorded on file.</p> <p>A purchase order must be approved and appropriately documented in Council's finance system by a person with appropriate financial delegation prior to acceptance or commitment to purchase.</p>
\$50,000 - \$250,000	<p>Either three written quotes or Request for Quote (RFQ) process (both based on a common specification) including a detailed evaluation and award process.</p> <p>Consideration of Quadruple Bottom Line (QBL).</p> <p>An independent panel member (Manager level from another</p>	A purchase order must be approved and appropriately documented in Council's finance system by a person with appropriate financial delegation prior to acceptance or commitment to purchase.

Contract Spend (including GST)	Requirement	Additional Information
	directorate) is to be appointed in the evaluation process.	
Greater than \$250,000	Public Request for Tender (RFT) including Consideration of QBL	As per legislative requirements and the Council Framework guidance using the Tenderlink portal. A purchase order must be approved and appropriately documented in Council's finance system by a person with appropriate financial delegation prior to acceptance or commitment to purchase.

LEGISLATION AND SUPPORTING DOCUMENTS

Relevant Legislation, Regulations and Industry Standards include:

- *NSW Local Government Act 1993 (Division 1 Tendering, Section 55); and*
- *NSW Local Government (General) Regulations 2021 (Part 7 Tendering).*

Relevant Council Policies and Procedures include:

- Code of Conduct for Council Staff;
- Glen Innes Severn Council Procurement Guidelines;
- Local Business and Industry Policy; and
- Statement of Business Ethics.

VARIATION AND REVIEW

The Sustainable Procurement and Contracts Policy will be reviewed every three (3) years, or earlier if deemed necessary, to ensure that it meets the requirements of legislation and the needs of Council. The term of the Policy does not expire on the review date, but will continue in force until superseded, rescinded or varied either by legislation or a new resolution of Council.

Appendix A**Document Control Continued**

VERSIONS:	DATE:	RESOLUTION NO:	DESCRIPTION OF AMENDMENTS:	AUTHOR ! EDITOR:	APPROVE D ! ADOPTED
5	15/12/2016	8.12/16	n/a	CFO	Council
4	26/2/2015	7.02/15	n/a	CFO	Council
3	24/11/2011	22.11/11	n/a	CFO	Council
2	26/06/2008	6.06/08	n/a	CFO	Council
1	20/04/2006	20.04/06	n/a	CFO	Council
