

Procurement

Council Policy Number	126
Date adopted	17 November 2021
Scheduled for review	November 2025



Council Policy

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1. Preamble

This policy is made under Section 108 of the [Local Government Act 2020 \(the Act\)](#). The Act requires each council to:

- Prepare and adopt a procurement policy which specifies the principles, processes and procedures applying in respect of the purchase of goods and services and carrying out of works by the Council; and
- Review its procurement policy at least once during each four year term of the Council.

2. Purpose

This policy outlines the guidelines in relation to the procurement of goods, services and works by Council in the delivery of services to the community and the operations of the organisation.

3. Definitions

Act	<i>Local Government Act 2020 (The Act)</i>
Collaborative Procurement Arrangement	A contract established by the Council, government or a nominated agent, such as Procurement Australasia (PA), Municipal Association of Victoria (MAV), Loddon Mallee Procurement Network of Councils or a local government entity, for the benefit of numerous state, federal and/or local government entities that achieves best value by leveraging combined economies of scale.
Commercial in Confidence	Information that, if released, may prejudice the business dealings or commercial interests of Council or another party, e.g. prices, discounts, rebates, profits, methodologies, and process information, etc.
Conflict of Interest	A conflict of interest exists when private interests conflict with public duty. In a situation where private interests may benefit from or be adversely affected by public duty a conflict of interest probably exists and it should be declared.
Contract Management	The process that ensures all parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the contract objectives and provide Value for Money.
Council	Campaspe Shire Council
Councillors	Council's elected representatives (the Mayor and Councillors) or Administrator(s) appointed to act in this capacity.
IBAC	Independent Broad-based Anti-Corruption Commission

Indigenous Business	An Indigenous Business is one that is at least 50% owned by an Aboriginal or Torres Strait Islands person(s) (consistent with Supply Nation's definition). https://supplynation.org.au/benefits/indigenous-business/
Local Business(es)	A commercial business with an operational premises that is physically located within the municipal borders.
Loddon Mallee Procurement Network (LMRN)	The ten councils comprising the LMPN, being the Buloke Shire Council, Campaspe Shire Council, Central Goldfields Shire Council, City of Greater Bendigo, Gannawarra Shire Council, Loddon Shire Council, Macedon Ranges Shire Council, Mildura Rural City Council, Mount Alexander Shire Council and Swan Hill Rural City Council.
Principles	Procurement principles are the fundamental propositions or forces that serve as the foundation for the policy and will govern procurement practices and decision making.
Probity	Within government, the term "probity" is often used in a general sense to mean "good process". A procurement process that conforms to the expected standards of probity is one in which clear procedures that are consistent with the Council's policies and legislation, are established, understood, and followed from the outset. These procedures need to consider the legitimate interests of suppliers and ensure that all potential suppliers are treated equitably.
Procurement	Procurement is the whole process of acquisition of external goods, services and works. This process spans the whole life cycle from initial concept through to the end of the useful life of an asset (including disposal) or the end of a service contract.
Procurement Manual	The manual containing the specific operational methodologies used during procurement processes.
Public Advertising	Public Advertising is online/digital through Council's eTender Portal
Schedule of Rates Contract	A standing offer arrangement based on a Schedule of Rates contract that sets out rates for goods and services which are available for the term of the agreement but without a commitment to purchase a specified value or quantity of goods or services.
Social Economic Benefit	The positive impacts on people, places or communities generated through procurement practices in the Loddon Mallee Region.
Staff	Includes all Council officers, temporary employees, contractors, volunteers and consultants while engaged by Council.
Supplier Panels	Panels of suppliers or vendors who can supply goods, works or services. Panels are contracts that have already been tendered and are based on categories such as trade services and plant hire. Panels mean that Council staff can request a quotation (from suppliers on the panel) without publicly inviting tenders (noting that the number of quotations requested still needs to be compliant with the policy).
Suppliers	Any organisation which supplies goods or services to Council including but not limited to, contractors, subcontractors, manufacturers, wholesalers, retailers and consultants.
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
Tender Process	The process of inviting parties from either a select list or via public advertisement to submit an offer by tender followed by evaluation of submissions and selection of a successful bidder or tenderer in accordance with pre-determined evaluation criteria.

Total Contract Sum	<p>The potential total value of the contract including:</p> <ul style="list-style-type: none"> • costs for the full term of the contract, including any options for either party to extend the contract; • applicable goods and services tax (GST); • anticipated contingency allowances or variations, and • all other known, anticipated and reasonably foreseeable costs.
Value for Money	<p>Value for Money in procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:</p> <ul style="list-style-type: none"> • contribution to the advancement of Council's priorities, fitness for purpose, quality, service and support, and • whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works.

4. Policy Statement

Council will adhere to all required provisions in the *Local Government Act 2020* and the *Competition and Consumer Act 2010* in all procurement matters and maintain consistency with any Victorian Local Government Best Practice Procurement Guidelines.

4.1. Scope and Application

This Policy applies to all procurement activities and is applicable to the Council, council staff and all persons undertaking procurement on Council's behalf.

This Policy will assist achieve Council objectives such as obtaining Value for Money, supporting local economies and sustainable and socially responsible procurement, leading to a better result in the provision of goods, services and works for the benefit of the community.

This Policy provides direction on the conduct of procurement activities throughout the sourcing, management and disposal phases. It does not extend to the related accounts payable processes.

The Council and council staff must comply with this Procurement Policy before purchasing or entering a contract for, the purchase of goods, services or the carrying out of works.

4.2. Objectives

This Policy is consistent with the requirements of Section 108 (2) of the Act and will:

- Promote open and fair competition and provide value for money;
- Provide clear guidelines to the Council to promote consistency and control over procurement activities;
- Demonstrate accountability to ratepayers and residents;
- Provide guidance on ethical behaviour in public sector procurement;
- Demonstrate the application of best practice in procurement activities;
- Demonstrate the consideration of sustainability in procurement with respect to social, economic and environmental factors;
- Increase the probability of obtaining the best outcome for the municipal community when procuring goods and services and delivering works; and
- Promote collaborative procurement.

These objectives will be achieved by requiring that the Council's contracting, purchasing and contract management activities:

- Support the Council's corporate strategies, aims and objectives;
- Span the whole life cycle of an acquisition and take sustainability and environmental benefit considerations into account;
- Achieve demonstrable value for money;
- Are conducted in, and demonstrate, an impartial, fair and ethical manner;
- Seek continual improvement through innovative and technological initiatives, and
- Generate and support Local Business when value for money is evidenced.

4.3. Application of GST

All monetary values stated in this policy include GST, unless specifically stated otherwise.

4.4. Effective Legislative, Policy Compliance and Control

4.4.1. Ethics and Probity

Council's procurement activities will be performed in an open, transparent and ethical manner that demonstrates integrity, fairness and accountability to meet relevant legal requirements.

All tender processes will be conducted in accordance with the requirements of this Procurement Policy and any associated procedures, relevant legislation, relevant Australian Standards, Commercial Law and the Act.

4.4.2. Conduct of Councillors and Council Staff

Councillors and council staff will at all times conduct themselves in ways that are in accordance with the Councillor Code of Conduct or the Employee Code of Conduct respectively, perform their duties ethically and with integrity and must:

- Treat potential and existing suppliers with equality and fairness;
- Not use their position to seek or receive personal gain in procurement matters;
- Maintain confidentiality of Commercial in Confidence information;
- Present the highest standards of professionalism and probity;
- Provide suppliers and tenderers with the same information and an equal opportunity to tender or quote for goods, services and works contracts;
- Be able to account for all decisions and demonstrate and provide evidence of the processes followed;
- Not perform any work under any Council contracts they are supervising i.e. Council staff cannot also work for the relevant supplier;
- Query incidents, decisions or directions that appear to contradict or deviate from Council's standards of ethics, probity or established policies and procedures; and
- Ensure that this policy and Council's Procurement guidelines are adhered to in relation to the expenditure of Council funds.

4.4.3. Conflict of Interest

Councillors and council staff must, at all times, avoid situations which may give rise to an actual or perceived conflict of interest. A conflict of interest may be a 'general' or a 'material' conflict of interest.

A person has a general conflict of interest in a matter if an impartial, fair-minded person would consider that the person's private interests could result in that person acting in a manner that is contrary to their public duty.

A person has a material conflict of interest in a matter if an affected person would gain a benefit or suffer a loss depending on the outcome of the matter. The benefit or loss may be direct or indirect and pecuniary or non-pecuniary. Affected persons include, among others, the member of staff and their family members.

Council staff involved in the procurement process, in particular preparing tender documentation, writing tender specifications, opening tenders, participating in tender evaluation panels, preparing a recommendation report; and Councillors and council staff awarding tenders must:

- Avoid material or general conflicts of interest, whether actual, potential or perceived;
- Declare if they have a conflict of interest in respect of the procurement. Staff participating in tender evaluation panels must complete a conflict of interest declaration. Staff must declare any actual or perceived conflicts in line with Council's internal processes for reporting conflicts of interest; and
- Observe prevailing Council and Government guidelines on how to prevent or deal with conflict of interest situations; and not take advantage of any tender related information, whether or not for personal gain.

4.4.4. Fair and Honest Dealing

All prospective contractors and suppliers must be treated impartially and afforded an equal opportunity to tender or submit a quotation.

Any suspected improper conduct, including fraud, corruption, substantial mismanagement of public resources, risk to public health and safety, risk to the environment, or detrimental action should be managed in accordance with Council's Disciplinary Action Procedure for staff or the Councillor Code of Conduct for Councillors.

4.4.5. Probity, Accountability and Transparency

Accountability in procurement means being able to justify and provide evidence of the process followed. An independent third party must be able to see clearly that a process has been followed and that the process was fair and reasonable.

Council staff must be able to account for all procurement decisions and ensure all procurement activities leave an audit trail for monitoring and reporting purposes.

4.4.6. Gifts and Benefits

Any gift or benefit offered to a Councillor or staff member will be managed in accordance with the Councillor Gift Policy or Employee Code of Conduct.

Councillors and staff, particularly contract supervisors must not knowingly engage a council supplier for private benefit, unless that engagement is on proper commercial terms.

4.4.7. Disclosure of Information

Commercial in Confidence information received by the Council must not be disclosed and must be stored in a secure location.

Councillors and staff must take all reasonable measures to maintain confidentiality of:

- Information disclosed by organisations in tenders, quotations or during tender negotiations; and
- Commercial in Confidence information.

Councillors and staff must avoid references to current or proposed contracts in discussion with acquaintances or outside interests.

Discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubt on what is being offered by that supplier.

At no stage should any discussion be entered into which could improperly influence the procurement process, or negotiation of a contract, prior to the contract approval process being finalised, other than authorised pre-contract negotiations.

4.4.8. Complaints & Reporting suspicious activities

Complaints Handling

Members of the public and suppliers are encouraged to report known or suspected incidences of improper conduct to the CEO. The management of complaints will in accordance with Council's Complaint Handling Policy.

Reporting Suspicious Activities

Councillors, staff and suppliers are required, at all times, to act honestly and with integrity and to safeguard the public resources for which they are responsible. Council is committed to protecting all revenue, expenditure and assets from any attempt to gain illegal benefits (financial or otherwise).

Council will take all reasonable steps to protect those who assist Council by providing information about suspected fraud. This may include the provision of information on Council's Public Interest Disclosure Procedure, maintaining the confidentiality of identity and protection from harassment to the extent possible.

Suspected improper conduct, offers of bribes, commissions and any other irregular approaches from suppliers, prospective suppliers or other individuals will be investigated and reported in accordance with Council's policies and processes.

The CEO must notify IBAC of any matter they suspect on reasonable grounds to involve corrupt conduct occurring (or having occurred) in accordance with mandatory reporting requirements under the *Independent Broad-based Anti-Corruption Commission Act 2011*.

4.5. Governance Structure

Council has delegated a range of powers, duties and functions to the CEO in relation to procurement. The delegations aim to ensure that the Council's procurement structure operates according to processes that:

- Are flexible enough to procure in a timely manner the diverse range of goods, works and services required by Council;
- Guarantee that prospective contractors and suppliers are afforded an equal opportunity to tender or submit a quotation; and
- Encourage competition and collaboration.

4.5.1. Methods

The Council's standard methods for procuring goods, services and works are:

- Purchase order that represents best Value for Money under the quotation process from suppliers for goods or services under the thresholds adopted by the Council. An approved purchase order must be created prior to committing expenditure on behalf of Council;
- Under a contract following a quotation or tender process;
- Under a Supplier Panel;
- Using collaborative procurement arrangements;
- Multi-stage tenders commencing with an EOI followed by a tender process;
- Under a sole-sourcing arrangement in line with the conditions contained in Appendix 3 - Exemptions from the Policy;
- Purchasing Cards;

unless other arrangements are authorised by Council.

4.5.2. Responsible Financial Management

The principles of responsible financial management will be applied to all procurement activities. To give effect to these principles, the availability of existing funds within an approved budget or source of funds should be established prior to the commencement of any procurement action for the supply of goods, services or works.

Council funds must be used efficiently and effectively to procure goods, services and works and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this policy.

4.6. Procurement Thresholds and Competition

Council will invite offers from the supply market for goods, services, and works in accordance with the thresholds listed in Appendix 1.

4.6.1. Procurement Principles

Council will apply the following fundamental best practice principles to procurement, irrespective of the value and complexity of that procurement:

- Value for money;
- Sustainability (social, economic and environmental);
- Open and fair competition;
- Accountability;
- Risk management, and
- Probity and transparency.

4.6.2. Procurement Methodology

Section 108 of the Act details that each Council will set the public tender threshold above which tenders or expressions of interest for contracts must be publicly invited.

A public tender process must be used for all procurements valued at \$200,000 and above for goods, services or works.

For procurements valued under \$200,000, the procurement methodology and thresholds detailed in Appendix 1 will apply.

4.6.3. Contract Variations

All contract variations must be assessed to determine whether they are properly characterised as variations, or whether they are in effect a new contract. This will depend on factors like:

- The monetary value of the proposed variation, i.e. the value of the variation in the context of the thresholds fixed by the Procurement Policy; and
- The subject matter of the proposed variation, and whether it is consistent with the scope of the original contract.

4.6.4. Payment for Goods, Services and Works

Request for payment of goods, services and works must be in the form of a Tax Invoice as defined by the Australian Taxation Office (ATO). Payment will be made within seven days on confirmation of receipt of goods and services and supply of a Tax Invoice.

4.6.5. Public Tender Requirements

All public tenders invited by the Council will be published via Council's eTendering Portal and may be advertised in the local media.

Information regarding current tenders and awarded tenders will be published on Council's website.

4.6.5.1. Tender Evaluation

A tender evaluation panel will be established to evaluate each tender submission against the tender's selection criteria. Tender evaluation panels may include external personnel in order to ensure the best outcome for a procurement activity and must comprise at least three persons and a chairperson.

A detailed tender evaluation plan should be developed, approved and strictly adhered to by the panel.

The tender evaluation plan should be completed and signed off prior to the tender or quotation being issued.

4.6.5.2. Evaluation Criteria

The Council will include the following evaluation criteria categories, unless identified as optional, to determine whether a proposed contract provides Value for Money:

- Mandatory Compliance criteria (e.g. ABN registration, OH&S, Fair Work Act, risk and conflict of interest);
- Tendered price (Mandatory);
- Capability/Methodology of the tenderer to provide the goods and/or services and/or works (Mandatory);
- Capacity of the tenderer to provide the goods and/or services and/or works (Mandatory); and
- Demonstration of sustainability (Optional).

The specific methodology used during the evaluation process must be detailed in the Procurement Manual.

4.6.5.3. Local Procurement

In support of local businesses, if there are equal scoring tenderers at the conclusion of the evaluation process, preference will be given to the local business.

4.6.5.4. Probity Advisor

A formal probity plan must be developed, and a probity advisor appointed in the following circumstances:

- If the proposed Total Contract Sum exceeds \$10 million over the life of the contract, or for any lesser value set by Council from time to time; or
- If a proposed contract is considered by Council or the CEO to be particularly complex, of a high risk or controversial nature, and requiring a high level of public confidence.

Outside of the above requirements, a probity advisor may be appointed by the CEO, at any stage of the procurement process.

4.6.5.5. Shortlisting and Negotiations

Council may conduct a shortlisting process during EOI, tender and quotation processes. Shortlisting must be based on the advertised selection criterion.

Shortlisted tenderers may be invited by the Council to submit a best and final offer in relation to all or certain aspects of their respective tenders.

Once one or more preferred tenderers are selected, negotiations can be conducted in order to obtain the optimal solution and commercial arrangements within the original scope and intent of the tender. Probity requirements apply to all negotiations.

4.6.6. Collaborative Procurement

In accordance with section 108(c) of the Act, the Council will first give consideration to collaboration with other councils and public bodies or utilise Collaborative Procurement Arrangements, when procuring goods, services and works in order to take advantage of economies of scale.

Council staff must consider any opportunities for Collaborative Procurement in relation to a procurement process undertaken by Council. Any report that recommends commencing a procurement process must set out information relating to opportunities for Collaborative Procurement, if available, including:

- The nature of those opportunities, if any, and the councils or public bodies with which they are available; and
- Why Council did, or did not, pursue the identified opportunities for collaboration in relation to that procurement process.
- When collaborating with the LMPN, the Council will do so in accordance with the following:
 - The LMPN will develop a consolidated contract register to identify joint procurement projects on an annual basis;
 - Council contracts with a minimum value of \$1 million per annum (per Council), for the ongoing supply of goods or provision of services or works, other than projects that are unique to an individual council (e.g. unique construction or works projects), will be included in the consolidated contract register for collaboration consideration;
 - Other contracts which, due to the subject matter, nature or scope, are likely to deliver operational efficiencies if procured in collaboration with the LMPN, must be included in the consolidated contract register for consideration as a possible joint procurement opportunity; and
 - In accordance with the prohibitions on anti-corruption conduct outlined in the *Competition and Consumer Act 2020*.
- If Collaborative Procurement is to be pursued with the LMPN:
 - A pre-market approval submission will be submitted to each council and the LMPN prior to commitment to collaboration, seeking delegation of contract approval to CEOs;
 - The LMPN will establish a Heads of Agreement that gives authority for a lead council to act as each council's agent in the Collaborative Procurement;
 - Each of the councils who participate will be able to enter into a contract with the preferred supplier identified through the Collaborative Procurement process, or may choose as a group to enter into a contract using "opt-in" contract provisions during the contract term, or with the Council which conducted the public tender; and
 - Each participating council must be involved in:
 - The initial decision to undertake the Collaborative Procurement;
 - Preparation of, and agreement to, the specifications and evaluation criteria;
 - Ensuring probity for the Collaborative Procurement; and
 - The acceptance of tender(s) and awarding of contract(s).

Furthermore, Council may collaborate with other councils or other agents such as MAV Procurement or Procurement Australasia to procure goods, services or works, or utilise existing Collaborative Procurement Arrangements for the procurement of goods, services or works established through a public tender process where it provides an advantageous, value for money outcome for the Council.

The following principles will be applied when utilising procurement agents and whole of government contracts:

- Council will use an agent when potential cost savings exist.
- The use of procurement agents must not eliminate the ability of suppliers locally and within the region to submit a quotation or tender.

Any Federal or State Government grant funded projects may be excluded from collaborative procurement if required as part of the funding agreement.

4.6.7. Delegation of Authority

Delegations define the limitations within which council staff are permitted to commit Council to the procurement of goods, services or works and the associated costs. The Instrument of Delegation allows specified council staff to undertake certain purchases, quotation, tender and contractual processes without prior referral to the Council. This enables the Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

Council has delegated responsibilities relating to the expenditure of funds for the purchase of goods, services and works, the acceptance of quotations and tenders and for contract management activities to the CEO. The CEO has further delegated some of those responsibilities to other members of council staff, subject to specified conditions and limitations see Appendix 4, Financial Delegations.

4.6.8. Internal Controls

The CEO must implement and maintain a framework of internal controls over procurement processes that will ensure:

- More than one person is involved in and responsible for the authorisation and management of a transaction from end to end;
- Transparency in the procurement process;
- A clearly documented audit trail exists for procurement activities;
- Appropriate authorisations are obtained and documented;
- Systems are in place for appropriate monitoring and performance measurement; and
- A process is in place for escalation, where appropriate, of procurement matters (including procedural non-compliance) to the Executive Management Group, the Audit and Risk Committee and Council.

4.6.9. Risk Management

Council is committed to the practice of effective risk management to provide improved stakeholder confidence and trust, and to support improved compliance and better corporate governance. Risk management is to be appropriately applied at all stages of procurement activities including:

- Standardisation of contracts including current and relevant clauses.
- Requiring security deposits when appropriate.
- Referring specifications to relevant industry experts.
- Ensuring contractual agreements are in place before the commencement of works.
- Use of and enforcement of delegated authorities.
- Use of or reference to relevant Australian Standards (or equivalent).
- Effectively manage the contract through ongoing monitoring to ensure the required performance is being achieved.

To protect the interests of Council, terms and conditions must be settled in advance of any commitment being made with a supplier. Any exceptions to this requirement exposes Council to risk.

Contracts must be proactively managed by council staff responsible for the delivery of the project/contract. Each should be assessed equivalent to size, type, complexity, duration and value to determine the level of risk. This will then determine the level of management of the particular project / contract and forms an integral part of good contract management.

Risk assessments are a vital part of the procurement planning process, particularly for significant contracts. Risks will be identified for each part of the sourcing, transition, delivery and finalisation stages of procurement. Appropriate risk avoidance and mitigation strategies will be employed whenever practicable and appropriate.

4.6.10. Endorsement

Council staff must not publicly endorse products or services without the prior approval of the CEO.

4.6.11. Dispute Resolution

All Council contracts will incorporate dispute management and alternative dispute resolution provisions to minimise the chance of disputes escalating to legal action.

4.6.12. Contract Management

In order to continually improve its procurement and contract management processes and outcomes, Council will evaluate and seek to improve on all aspects of procurement and contract management, in accordance with its documented procurement processes and Contract Management Framework.

Good contract management ensures goods, services and works are delivered to the required standards of quality and quantity as intended by the contract through:

- Establishing a system to monitor and achieve the responsibilities and obligations of all parties under the contract;
- Providing a means for the early recognition of issues and performance problems and the identification of solutions;
- Adhering to Council's risk management framework and relevant Occupational Health and Safety and sustainability requirements.

Council contracts must include contract management requirements commensurate with the complexity of the procurement. Furthermore, contracts must be proactively managed by the member of Council Staff responsible for the delivery of the contracted goods, services or works to ensure the Council, and therefore the community, receives Value for Money.

4.6.13. Training

All staff with duties that involve the purchasing of good and services undertake procurement training when they commence employment. In order to ensure existing staff are up-to-date with the latest requirements of this policy they should participate in refresher training every two years. Staff that breach the policy will be required to undertake refresher training immediately and may be subject to disciplinary action.

4.7. Demonstrate Sustained Value

4.7.1. Achieving Value for Money

The Council's procurement activities are carried out on the basis of obtaining Value for Money. This means minimising the total cost of ownership over the lifetime of the requirement consistent with acceptable quality, reliability and delivery considerations. Lowest price is not the sole determinant of Value for Money.

Obtaining value for money will be facilitated by:

- Achieving continuous improvement in procurement activities;
- Developing, implementing and managing processes that support the co-ordination and streamlining of activities throughout the procurement lifecycle;
- Effective use of competition;
- Using existing Council contractual arrangement or collaborative procurement arrangements if appropriate;
- Identifying and rectifying inefficiencies in procurement processes;
- Developing cost efficient tender processes;
- Staff responsible for providing procurement services or assistance providing competent advice in terms of available products and agreements; and
- Working with suppliers to create relationships that are professional, productive, and appropriate to the value and importance of the goods, services and works being acquired.

4.7.2. Sustainable Procurement

Sustainable procurement involves decision making that has the most positive environmental, social and economic impacts possible across the entire lifecycle of goods, services and works.

Staff will have a clear and shared understanding about what sustainable procurement means and how they can apply it to their daily tasks. Council commits to applying the principles of sustainability to its decision-making and activities.

Council demonstrates sustainable procurement by:

- Being accountable for its impacts on society, the economy and the environment including the impacts of the organisation's supply chain;
- Examining anticipated organisational, project and/or community needs;
- Continually improving sustainability specifications, practices and outcomes.

4.8. Build and Maintain Supply Relationships

4.8.1. Managing Suppliers

Council recognises the importance of effective and open working relationships with its suppliers and the administration is committed to managing existing suppliers via performance measurements to ensure the benefits negotiated through procurement are delivered.

4.8.2. Supply Market Development

A wide range of suppliers are encouraged to compete for Council work. The focus for new work need not always be with the larger more familiar businesses. Other types of organisations offering business diversity include:

- Local, small to medium sized enterprises (SMEs) and Social enterprises;
- Green suppliers;
- Ethnic and minority businesses (e.g. Indigenous Business); and
- Volunteer and community organisations.

4.9. Procurement Manual

The CEO will ensure that a procurement manual is maintained, to provide direction to Council staff on the operational aspects of procurement.

4.10. Organisational Model for Procurement

The administration operates a centre-led procurement structure. All strategy, policy, technology, best practice and networking in procurement matters will be led by Council's Contracts and Procurement Manager who is responsible for the centralised procurement team.

For day to day purchasing, Council operates a decentralised system where requests for quotations may come from any department.

4.11. Delegations and Authorisations

The CEO will ensure a documented register of procurement delegations is maintained, identifying Council staff authorised to make such procurement commitments in respect of materials, goods, services and works on behalf of council, to include but not necessary be limited to the following:

- Acceptance of tenders and of quotes.
- Contract term extensions (within authorised budget).
- Contract amendment (non-financial).
- Contract amendment (financial).

5. Exclusions

Nil

6. Human Rights

This policy has considered and complies with the Human Rights and Responsibilities contained in the Victorian Charter of *Human Rights and Responsibilities Act 2006*.

7. Related Legislation

Competition & Consumer Act 2010

Independent Broad-based Anti-Corruption Commission Act 2011

Local Government Act 2020

8. Related Policies, Procedures and Strategies

Council Policy 039 - Risk Management

Council Policy 075 - Fraud

Council Policy 181 – Councillor Gifts

Council Policy 174 – Complaint Handling

Council Procedure PR141 - Public Interest Disclosure

Council Procedure PR130 - Disciplinary Action

Employee Code of Conduct

Councillor Code of Conduct

9. Attachments

Appendix 1 Council – Procurement Methodology Thresholds

Appendix 2 Council – Performance KPIs

Appendix 3 Exemptions from the Policy

Appendix 4 Financial Delegations

10. Review Period

Four years

Responsible officer


Contracts and Procurement Manager

11. Administrative Updates

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter the policy, such a change may be made administratively. Examples include a change to the name of a Council department, a change to the appendices of this policy, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of Council.

12. Approval History

Adopted	17 November 2009	Minute Book Reference No 14731 (Item 9.5)
Revised	21 September 2010	Minute Book Reference No 16407 (Item 12.6)
Revised	18 October 2011	Minute Book Reference No 18261 (Item 13.3)
Revised	21 August 2012	Minute Book Reference No 1057 (Item 4.16)
Revised	20 August 2013	Minute Book Reference No 1041 (Item 6.3)
Revised	19 August 2014	Minute Book Reference No 878 (Item 6.1)
Revised	18 August 2015	Minute Book Reference No 905 (Item 6.2)
Revised	16 August 2016	Minute Book Reference No 731 (Item 6.2)
Revised	20 March 2018	Minute Book Reference No 486 (Item 7.1)
Revised	23 June 2020	Minute Book Reference No 2221 (Item 9.6)
Revised	17 November 2021	Minute Book Reference No 8 (Item 9.6)

Chief Executive Officer: 

Date: 22 November 2021

Appendix 1 Council – Procurement Methodology Thresholds

Council will invite tenders, proposals, quotes and expressions of interest from the supply market for goods, services and works in accordance with these thresholds:

Expenditure (Including GST)	Quotation Method
\$0 - \$1,000	No quote required
\$1,001 - \$5,000	One written quotation must be obtained.
\$5,001 - \$15,000	Two written quotations must be obtained.
15,001 - <\$200,000	Three or more written quotations must be obtained via issue of a written request for quotation or a public tender* Advertising is not required unless undertaking a public tender.
\$200,000+	Public tender to be undertaken.

A public tender process may be used for values less than \$200,000 if this will service Council's interests and produce a better outcome in the context of this Policy.

It is recognised that there will be specific and limited circumstances when obtaining multiple quotations may not be possible, practical or represent the best value for money. Examples of this include but are not limited to:

- Purchase of unique items
- Purchase of a performance or a piece of art
- Adjustment to a recently completed piece of work
- Purchase of intellectual property
- Purchase of goods, services or works from a Statutory Authority
- Purchase of works through a public utility

In this type of situation, a waiver of the requirement for multiple quotations is available via the completion of the quotation waiver section of the quotation summary form. The form must detail the circumstances and reasons why a waiver is required, and the form must be approved by the CEO.

The requirement for public tendering cannot be waived.

Appendix 2 Council – Performance KPIs

Council will seek to improve its procurement performance by capturing and analysing data on key performance indicators including:

- New collaborative procurement contracts;
- New panel contracts;
- The number of local businesses engaged and proportion of local spend; and
- The number and details of any procurement over \$200,000, when a public tender process was not undertaken.

A report detailing actual performance against these indicators will be presented annually to the Audit & Risk Committee.

Appendix 3 Exemptions from the Policy

The following circumstances are exempt from the general publicly advertised tender, quotations and expression of interest requirements.

Utilisation of these exemptions is via the completion of the quotation waiver section of the quotation summary form. The form must detail the exemption name and the reasons why the exemption applies to the requested procurement. The form must be approved by the Chief Executive Officer.

The CEO may approve ad-hoc exemptions in exceptional circumstances if it can be demonstrated that it is in the best interests of the community to do so.

The public tender threshold and related exemptions also apply to collaborative procurements.

Exemption Name	Explanation, limitations, responsibilities and approvals
1. A contract made with the approval of the CEO because of genuine emergency	<ul style="list-style-type: none"> When the CEO has declared that the contract must be entered into because of an emergency (e.g. to provide immediate response to a natural disaster, declared emergency, etc.)
2. A contract made with, or a purchase from a contract made by, another government entity, government-owned entity or other approved third party	<ul style="list-style-type: none"> This general exemption allows engagements: With another government entity or government owned entity. For example, Federal, State or Local Government or an entity owned by the Federal, State or Local Government; and/or In reliance on contracts and arrangements established by another government entity, local authority or local government group purchasing scheme, Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement Australia (PA), or LMPN
3. Extension of contracts while Council is at market to replace that contract.	<ul style="list-style-type: none"> Allows Council to extend an existing contract if the procurement process to replace the contract has commenced, and when the tender process or negotiations will take or are taking longer than expected. This exemption may be used when the establishment of an interim short-term arrangement with an alternative supplier is considered not to be in the public interest, as it may be cost prohibitive and/or present a risk in the delivery of critical public services to the municipality.
4. Novated Contracts	<ul style="list-style-type: none"> When the initial contract was entered into in compliance with the Act and due diligence has been undertaken in respect to the new party.
5. Information technology resellers and software developers	<ul style="list-style-type: none"> Allows Council to renew software licenses, maintenance and support agreements, or upgrade existing systems, when there is only one supplier of the software who holds the intellectual property rights to the software.
6. Regional Waste and Resource Recovery Groups	<ul style="list-style-type: none"> Situations when a Regional Waste and Resource Recovery Group constituted under the Environment Protection Act 1970 had already conducted a public tender for and on behalf of its member councils.
7. Statutory Compulsory Monopoly Insurance Schemes	<ul style="list-style-type: none"> Motor vehicle compulsory third party WorkCover Joint/mutual insurance schemes, specifically catering to Local Government

Exemption Name	Explanation, limitations, responsibilities and approvals
8. Plant and Equipment Servicing	<ul style="list-style-type: none"> If it is required to maintain a valid warranty, When works need to be carried out by recognised suppliers using genuine parts. To achieve this Council utilises servicing by the manufacturers from whom the plant and equipment was originally purchased. Spare parts from specific manufacturers can be purchased to complete works on plant and equipment in Council's workshop.
9. Artworks, Statues and Monuments	<ul style="list-style-type: none"> It is not practical to obtain quotes for artworks, statues and monuments as each piece of work is unique. Please note that if an artwork is commissioned then this exemption does not apply and quotations or tenders must be sought.
10. Shop Supplies	<ul style="list-style-type: none"> Units of Council that operate a retail outlet that are required to purchase stock for resale to the public. This is due to the nature of the goods that are offered for resale, which may be unique.
11. Performers	<ul style="list-style-type: none"> Units of Council that engage performers as part of their performance program are exempt.
12. Sole Supplier	<ul style="list-style-type: none"> There is no market to test and obtain multiple quotations. Examples: Regional water corporations, PowerCor, professional membership payments (relating to positions held at Council), when the supplier is the sole source of intellectual property (e.g. Facebook, Google, Apple or Microsoft) Advertising (newspapers, magazines and the like)

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Appendix 4 Financial Delegations

The CEO will maintain a documented register of procurement delegations, identifying Council staff authorised to make such procurement commitments in respect of materials, goods, services and works on behalf of Council, to include but not necessarily limited to the following:

- a. Acceptance of tenders and of quotes.
- b. Contract term extensions (within authorised budget).
- c. Contract amendment (non-financial).
- d. Contract amendment (financial).

The values outlined in the financial delegations are **'exclusive of GST'**.

The structure of procurement delegations will be as follows:

Nominated officers	Up to \$ 10,000 – nominated by the General Manager
Managers	Up to \$ 50,000
General Managers	Up to \$ 200,000
Chief Executive Officer	Up to \$1,000,000
Council	Greater than \$1,000,000

The Chief Executive Officer (CEO) may approve lower or higher delegations for individual officers if operational circumstances require this authority. However, any approved delegation must not exceed the CEO's authority delegated by Council.

Any officer exercising a financial delegation must do so in accordance with Council's adopted budget.

During the financial year, a small number of payments (including cumulative) require approval that may be greater than the CEO's delegation. These expenditure items are required for statutory purposes and are embedded in Council's approved budget.

Council specifically delegates approval to the CEO to authorise these payments. This additional delegation is restricted to:

- a. Workers Compensation Scheme premiums.
- b. Local Government Insurance premiums.
- c. Superannuation Contributions.
- d. Taxation and GST obligations.
- e. Utility payments.