

Procurement

Council Policy Number	126
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1. Preamble

This Policy is made under Section 108 of the *Local Government Act 2020*. 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 Council; and
- Review its Procurement Policy at least once during each 4-year term of Council.

2. Purpose

This Policy provides overarching 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

Terms appearing in the singular may be read as plural and vice versa.

Act	Local Government Act 2020 (Vic).
Closed Tender	An approach to market which is directed to a select group of suppliers who are invited to submit a tender proposal.
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.
Conflict of Interest	A conflict of interest exists when private interests conflict with public duty. A situation where private interests may benefit from or be adversely affected by public duty.
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.
Expression of Interest (EOI)	A procurement process used to identify suppliers interested in, and capable of, delivering the required goods or services. Potential suppliers are asked to provide information on their capability and capacity to perform the work. It is usually the first stage of a multi-stage tender process.
Genuine Emergency	<p>A sudden, unforeseen event, which has the potential to result in injury, loss of life or critical damage to property or infrastructure. Emergency in the procurement context is viewed at three levels:</p> <ul style="list-style-type: none"> • Level 1 Immediate Response – Reactive procurement action taken immediately before, during and in the first period after an emergency to reduce the effects and consequences of the emergency on people, their livelihoods, wellbeing and property; on the environment; and to meet basic human needs. • Level 2 Disaster Relief – Emergency procurement for the provision of assistance to meet the essential needs of individuals, families and the wider community during and in the immediate aftermath of an emergency. • Level 3 Post-Disaster Recovery – Accelerated procurement to assist Council and the community to achieve a proper and effective level of functioning.
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 the Supply Nation definition https://supplynation.org.au/benefits/indigenous-business/
Local Business	A commercial business with an operational premises that is physically located within the municipal borders, or in Moama.
Loddon Mallee Procurement Network (LMPN)	The 10 councils comprising the LMPN, being 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 Council's Procurement Policy, 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 lifecycle from initial concept through to the end of the useful life of an asset (including disposal).

Procurement Manual	The administrative manual containing the specific operational methodologies and processes to be undertaken by staff engaged in purchasing activities.
Procurement Plan	A document prepared prior to an open or closed Tender or Expression of Interest, to detail the intended process to be followed throughout the approach to market; including but not limited to the criteria by which submissions will be evaluated.
Public Advertising	Public advertising is online/digital through Council's e-Tender Portal and any other forum which may be considered appropriate in the circumstances, including but not limited to social media platforms.
Purchasing Cards	Corporate credit cards issued to relevant Staff for use in accordance with Council's Corporate Purchase Card Policy.
Open Tender	Any approach to market which is publicly advertised and available to all potential respondents (rather than a targeted invitation to a select group of suppliers).
Responsible Officer	The member of staff responsible for the purchase or procurement activity.
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 and employees, whether permanent, temporary, voluntary or under a contract of employment.
Supplier Panel	A panel is a group of suppliers with whom Council has a contract for services that have already been tendered and are based on categories such as trade services and plant hire.
Supplier	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 organisation for goods, works and services in a way that achieves value for money on a whole life basis. This means that benefits are generated not only for the organisation, but for the community and local economy and that negative effects on the environment are minimised in doing so.
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

The potential total value of the contract including:

- 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

Value for money in procurement is about realising benefit in the purchase of goods, services and works, taking into account both cost and non-cost factors including:

- 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 Council, Staff and all persons undertaking procurement on Council's behalf.

This Policy will assist Council to achieve 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.

1.1. 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 Council's contracting, purchasing and contract management activities:

- Support Council's corporate strategies, aims and objectives;

- Span the whole lifecycle 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.

4.2. Application of GST

All monetary values stated in this Policy exclude GST, unless specifically stated otherwise.

4.3. Effective Legislative and Policy Compliance and Control

i. 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.

ii. Conduct of Councillors and Council Staff

Councillors and Staff will always conduct themselves in ways that accord 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. 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.

iii. Conflict of Interest

Councillors and staff must, always, avoid situations which may give rise to an actual or perceived conflict of interest or potential 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.

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.

iv. 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.

v. 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.

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

vi. Gifts and Benefits

Any gift or benefit offered to a Councillor or staff member will be managed in accordance with the Councillor Gifts Policy and Employee Code of Conduct (as applicable).

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

vii. 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.

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 pre-contract negotiations undertaken in accordance with the Procurement Plan.

viii. Complaints & reporting of suspicious activitiesComplaints 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 be 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.

5. Governance

5.1. 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.

5.2. Methods

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

- Through a 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;
- Engaging a supplier via a Collaborative Procurement arrangement;
- Via a multi-stage tender commencing with a request for Expressions of Interest ("EOI") followed by a Tender Process;
- Under an arrangement in line with the conditions contained in Appendix 3 - Exemptions from the Policy; and
- Using Purchasing Cards;

unless other arrangements are specifically authorised by Council.

5.3. Responsible Financial Management

The principles of responsible financial management will be applied to all procurement activities. To give effect to these principles, purchasing staff must provide detail of the availability of existing funds within an approved budget or alternative source of funds prior to the commencement of any procurement action for the purchase 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.**

5.4. 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.

i. 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.

ii. Procurement Methodology

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

An Open Tender process must be used for all procurement activities where the estimated value is \$300,000 and above (excluding GST) for goods, services or works.

For procurement activities where the estimated value is under \$300,000 (excluding GST), the procurement methodology and thresholds detailed in Appendix 1 will apply.

iii. Aggregate Spend

When considering the appropriate process for the procurement of services, regard must be had to the period of time considered optimal to drive value for money, as well as whether a contract arrangement would be appropriate in the circumstances.

The determination of the appropriate period of time in each case will take into account the type of service and number of suppliers in the market providing the service, as well as the mitigation of any risks which may be associated with a longer-term contract. Staff should consider any optimal timeframe for considering aggregate spend as may be stated in the Victorian Best Practice Procurement Guidelines.

iv. 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. Whether a variation claim is to be considered a true variation depends on a number of factors relevant to the particular piece of work, including:

- 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 contemplated in the original contract.

Staff authority to approve financial variations is determined according to the Instrument of Financial Sub-Delegation as amended from time to time.

v. 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 7 days of confirmation of receipt by Council of a valid invoice.

5.5. Open Tender Requirements

All Open Tenders issued by the Council will be published via Council's e-Tendering portal and may be advertised in the local media and any social media as may be considered appropriate.

Information regarding current tenders and limited information regarding awarded contracts will be published on Council's web site.

i. Procurement Plan

Prior to commencing any Open Tender (or other process where it is considered prudent to do so), a detailed procurement plan must be developed by the Responsible Officer and followed strictly by the evaluation panel throughout the tender process.

The procurement plan should be completed and signed off by the relevant Director prior to any approach to market.

All procurement plans must contain the following information at a minimum:

- Summary of the scope of work;
- Budget;
- Collaborative procurement opportunities;
- Approach to market;
- Timeframe;
- Risk analysis;
- Tender evaluation panel (comprising at least 3 scoring members and a non-scoring chairperson);
- Proposed contract particulars; and
- Evaluation criteria.

All panel members must sign a confidentiality and conflict of interest declaration before gaining access to tender submissions.

ii. 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 3 persons and a chairperson.

A tender evaluation plan should be incorporated within the Procurement Plan, completed and signed off prior to the tender or quotation being issued. The tender evaluation panel is expected to comply with the evaluation plan at all times.

iii. Evaluation Criteria

In order to determine whether a proposed contract provides Value for Money, all procurement plans for Open Tenders will include the following mandatory evaluation criteria: at a minimum:

- Occupational Health and Safety and Insurance Compliance criteria and any required pre-accreditation which may be required for the particular work (e.g. ABN registration, OH&S, Fair Work Act, risk and conflict of interest);
- Tendered price
- Tenderer capability and proposed methodology; and
- Capacity and experience of the tenderer in providing similar goods and/or services and/or works.

Additional evaluation criteria are optional and may be considered and weighted appropriately to address the key objectives and determining factors for success in each particular contract scenario.

The specific methodology to be applied to the evaluation process must be detailed in the Procurement Manual.

iv. Local Benefit

Council will demonstrate a commitment to supporting its local economy and/or the Campaspe Shire community by:

- Incorporating a weighted tender evaluation criteria category for benefits to the Campaspe Shire local economy, only where it would be appropriate to do so, having regard to the following factors:
 - supplier market conditions at the time of the tender;
 - the level of expertise required by the Contractor and/or subcontractors for the particular piece of work and capacity of Local Businesses to provide same;
 - The actual, measurable benefit to the local economy or community. That is, the likelihood that the service or works will generate tangible contributions to the local economy and/or community.

Where a weighted criteria item is included, the associated percentage weighting must not exceed 10 percent.

- Inviting at least one Local Business to submit a quotation for the piece of work, only where it is practicable to do so and where a public tender is not required under this Policy.

For the sake of clarity, where the purchasing staff member determines in their discretion that value for money, fairness, innovation and/or quality of work are likely to be adversely impacted by doing so, the staff member will not be required to approach the local supply market when seeking quotations.

v. 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 (excluding GST) over the life of the contract, or 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, or 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 or Director, at any stage of the procurement process.

vi. Shortlisting and Negotiations

Council may carry out a second stage shortlisting process during any EOI, tender or quotation process. Shortlisting must be based on the advertised selection criteria.

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 commercially agreed terms within the original scope and intent of the tender. Probity requirements apply to all negotiations.

A Best and Final Offer process (BAFO) may be used. The terms of the BAFO process should stipulate the time period for which the BAFO offer must be held by the tenderer.

5.6. Collaborative Procurement

In accordance with section 108(c) of the Act, 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.

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.

Council is committed to seeking collaborative opportunities within the LMPN by sharing annual budget priorities and upcoming tender opportunities and gaining insight into the priorities of

the other councils in the group. Council will also consider shared panel of supplier arrangements where doing so is likely to generate Value for Money outcomes. All tender processes where the resulting contract is anticipated to be shared with other councils will include in the terms of tender and the conditions of contract a statement informing potential tenderers of these conditions.

Council may also collaborate with other agencies 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 an Open Tender process where it provides an advantageous, value for money outcome for the Council.

Any report to Council recommending an award of contract must specify any opportunities for collaboration that were identified and where a collaborative approach was not used, the reasons why a collaborative tender could not be undertaken.

5.7. Delegation of Authority

Delegations define the limitations within which staff are permitted to commit Council to the procurement of goods, services or works and the associated costs. The Instrument of Sub-Delegation allows specified 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 any specified conditions and limitations as set out in the Instruments of Delegation to Staff.

6. 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 Team, the Audit and Risk Committee and Council.

6.1. Organisational Model for Procurement

Council 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 where formal contracts are not involved, Council operates a decentralised system where requests for quotations may be initiated by any department.

6.2. Procurement Manual

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

6.3. 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 wherever appropriate
- Referring specifications to relevant industry experts where appropriate
- 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)
- Effective management of the contract through ongoing monitoring to ensure key performance indicators are met.

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 project or service. 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 to best utilise resources and preserve value for money.

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.

6.4. Contract Management

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.

Effective 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 Council, and therefore the community, receives value for money.

6.5. Dispute Resolution

All Council contracts will incorporate dispute management and alternative dispute resolution provisions to minimise the likelihood of disputes escalating to litigation.

6.6. Endorsement

Staff must not publicly endorse products or services without the prior approval of the CEO. For the sake of clarity, endorsement for the purposes of this provision does not include circumstances where Staff provide in-confidence references to other councils or businesses who seek to use a particular supplier from whom Council has previously procured goods, services or works.

6.7. Training

All staff with duties that involve the purchasing of goods 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. Training may be delivered as an online course or in person. Staff who breach the Policy will be required to undertake refresher training immediately and may be subject to disciplinary action.

6.8. 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 coordination 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.

6.9. 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 of 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 specifications and practices as they relate to sustainable outcomes.

7. Building and Maintaining Supply Relationships

7.1. Managing Suppliers

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

7.2. 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.

7.3. Panel of Suppliers

The establishment of a Supplier Panel allows staff to request quotations from suppliers on the panel on the following basis:

- Where the cost of a piece of work can be effectively calculated using the schedule of rates provided by each contractor, the staff member may select a supplier on the basis of those rates as well as any other factors stipulated to apply to selecting a supplier in the contract conditions. Value for money, probity and fairness must be demonstrated in selecting a supplier from the Panel in each case and the reasons for the staff member's selection of a supplier fully documented.
- Where the cost of a piece of work cannot be effectively calculated using the contractors' schedule of rates OR where the contract does not stipulate any other factors to be considered in selecting a contractor from the panel, the staff member must seek quotes in accordance with the purchasing thresholds in Appendix 1.
- Where the cost of a piece of work is likely to exceed the Open Tender threshold, a minimum of three quotations must be sought from suppliers on the panel. The ability to seek quotations from the panel is capped at a maximum purchase amount equal to the CEO financial delegation limit (as a public tender will have already been conducted to approve the panel).

8. 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 necessarily be limited to the following:

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

9. Exclusions

Nil

10. 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.

11. Related Legislation

Competition & Consumer Act 2010
Independent Broad-based Anti-Corruption Commission Act 2011
Local Government Act 2020

12. 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

13. Attachments

Nil

14. Review Period

Four years

Responsible officer

Contracts and Procurement Manager

15. 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.

16. 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	15 August 2023	Council Meeting Minutes (Item 8.6.1)

Chief Executive Officer: 

Date: 21/8/2023

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 (Excluding GST)	Quotation Method
\$0 - \$2,000	No quote required
\$2,001 - \$15,000	One written quotation must be sought.
\$15,001 - \$50,000	Two written quotations must be sought.
\$50,001 - <\$300,000	Three or more written quotations must be sought via the process set out in the Procurement Manual, as updated from time to time. Advertising is not required unless undertaking an Open Tender.
\$300,000 and above	Open Tender to be undertaken.

*An Open Tender process may be used for values less than \$300,000 if this will service Council's interests and produce a better outcome in the context of this Policy. The Procurement Risk Matrix should be utilised in this regard.

Appendix 2 Council – Reporting and Monitoring

Council will seek to improve its procurement performance by capturing and analysing data in areas including:

- New collaborative procurement contracts;
- New panel contracts;
- The number and details of any procurement over \$300,000 (excluding GST), for which an Open Tender process was not undertaken.
- Contract Management Framework compliance, including monitoring and reporting on management of variations, timelines, contractor management and feedback and overall quality of work or service.

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

Appendix 3 Situations deemed outside the scope of this Policy (Exemptions from Policy)

A number of purchasing scenarios are deemed to fall outside the scope of this Policy. Council is not required to undertake any tender, quotation, or expression of interest process and may proceed with a direct sourcing method if any of the following circumstances apply:

Exemption Name	Explanation, limitations, responsibilities and approvals
1. A contract made with the approval of the CEO in response to a genuine emergency	<ul style="list-style-type: none"> When the CEO has declared that the contract must be entered into because of an emergency which may be classed as either Level 1 or Level 2 in the definitions under this Policy, or Level 3 only where the procurement is essential to the continuation of business as usual.
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: <ul style="list-style-type: none"> 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. 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
7. 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.

Exemption Name	Explanation, limitations, responsibilities and approvals
8. 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.
9. 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.
10. Performers	<ul style="list-style-type: none"> Units of Council that engage performers as part of their performance program are exempt.
11. 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), payments to third party agencies to meet statutory obligations (eg. Fire Services Levy payment).
12. Legal Services	<ul style="list-style-type: none"> Engagement of legal service providers.
13. Leases and Licences	<ul style="list-style-type: none"> Save for finance leases where Council may ultimately acquire the goods under lease, lease agreements and licence agreements for goods, services and/or real property are outside the scope of this Procurement Policy. Notwithstanding this exemption, wherever practicable, Council acknowledges that it will consider value for money, transparency, procedural fairness and accountability with regard to leases and licences and will act in accordance with all relevant Council policies and its statutory obligations in lease and licence arrangements.

Staff raising a requisition where one of the above exemption categories applies must enter in the Purchasing System at requisition stage, the exemption type, as well as an explanation as to why the exemption type applies to their purchase for audit and reporting purposes.

A report detailing all exemption claims for each calendar month will be provided at the end of the relevant month to the Executive Leadership Team for review and any issues noted by the Contracts & Procurement Team. Where the relevant Director considers any exemption claims to have been misapplied, the Director will take any action required to prevent further misuse of the provision in future by the relevant Staff member.

Appendix 4 Waiver from Prescribed Procurement Process

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.

In this type of situation, a waiver of the requirement to follow the prescribed procurement process may be requested by completing a 'Request for Waiver from Procurement Process' Form. The form must detail:

- The details of the proposed supplier;
- An estimate of the cost; and
- the circumstances and reasons why the correct procurement process cannot be carried out.

All Request for Waiver forms must be reviewed by Procurement and approved by the relevant Director, who will first review the particular circumstances on their merit, to ensure value for money is able to be achieved and that the proposed purchase is fair, transparent and free from bias.

Where the purchase would ordinarily be subject to a public tender process (for purchases over the threshold of \$300,000 excluding GST) or where the value exceeds the relevant Director's financial delegation, the Request for Waiver form must be forwarded to Procurement and approved by the CEO.

