



Ararat Rural City

Procurement Policy

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1. SUMMARY

1.1 Background

Ararat Rural City Council (Council) recognises the importance of having a procurement framework based on integrated policy, strategy, service delivery plans and associated procedures for the procurement of all goods, services and works. This framework will assist Council to achieve its objectives such as sustainable and social procurement; bottom-line cost savings, supporting local economies; achieving innovation; and better services for communities.

The elements of best practice applicable to local government procurement incorporate:

- broad principles covering ethics, value for money, responsibilities and accountabilities;
- guidelines giving effect to those principles;
- a system of delegations (i.e. the authorisation of officers to approve and undertake a range of functions in the procurement process);
- procurement processes, with appropriate procedures covering minor procurement to high value, complex procurement.

In addition to these elements, Council's contracting, purchasing and contract management activities endeavour to:

- support Council's corporate strategies, aims and objectives including, but not limited to those related to service delivery in support of the community's needs and aspirations, protection of the environment, and corporate social responsibility;
- take a long-term strategic view of its procurement needs while continually assessing, reviewing and auditing its procedures, strategy and objectives;
- provide a robust and transparent audit trail which ensures that procurement projects are delivered on time, within cost constraints and that meets the needs of end users;
- be conducted, and are seen to be undertaken, in an impartial, fair and ethical manner;
- achieve value for money and quality in the acquisition of goods, services and works by the Council;
- ensure that risk is identified, assessed and managed at all stages of the procurement process;
- use strategic procurement practices and innovative procurement solutions to promote sustainability and best value, in particular making use of collaboration and partnership opportunities;
- use social procurement to enhance sustainable and strategic procurement to effectively contribute towards building stronger communities and meeting the broader social objectives of the Council;
- comply with legislation, corporate policies or other requirements, ensuring that all staff responsible for procurement and contract management are aware of and adhere to the legislative requirements, Council standards and best practices.

The Victorian Local Government *Best Practice Procurement Guidelines 2013* detail of how the Council can achieve its procurement objectives.

This Policy endeavours to promote best practice in procurement.

1.2 Scope

This Procurement Policy is made under Section 108 of the *Local Government Act 2020* (the Act). The Act is the crucial legislative framework that regulates the process of all local government procurement in Victoria. Section 108 of the Act requires Council to prepare, approve and comply with a procurement

policy encompassing the principles, processes and procedures applied to purchasing goods, services and works.

This policy is to apply in addition to applicable sections of the Act.

1.3 Purpose

The purpose of this Policy is to:

- Provide the governance framework for Council's procurement.
- Ensure goods, services and works meet the requirements and expectations of the community.
- Ensure procurement is undertaken based on best value for money.
- Ensure procurement is undertaken fairly for existing and prospective suppliers and service providers.
- Ensure procurement complies with due probity, accountability, and transparency.

1.4 Treatment of GST

All monetary values stated in this policy exclude GST except where expressly stated otherwise.

1.5 Definitions and Abbreviations

TERM	DEFINITION
Act / The Act	Local Government Act 2020
Authorised Officer	A Council staff member is authorised to approve the release of a purchase order or the entry into an agreement or contract.
Best Value	Best value in procurement requires selecting a suitable supply of goods, services and works based on both cost and non-cost factors. These include: <ul style="list-style-type: none"> • Quality, time and cost standards defined by the Council for the delivery of services. • Services that are accessible to those members of the community for whom it is intended. • Services that meet the community's expectations and values; and • Services that provide value for money.
CEO	Chief Executive Officer
Collaborative Tendering	Opportunities for tendering with other councils or public bodies or through a collaborative procurement arrangement to purchase goods, service and works to take advantage of economies of scale.
Commercial in Confidence	If released, information may prejudice the business dealings of a party e.g., prices, discounts, rebates, profits, methodologies, and process information.
Contract Management	The process ensures both parties to a contract fully meet their respective obligations as efficiently and effectively as possible to deliver the business and operational objectives required from the contract and provide value for money.
Council Staff	Includes full-time and part-time Council officers, and temporary employees, contractors and consultants while engaged by the Council.
Cumulative Spend	The total value of goods, services or works procured from a single supplier is associated with an approach to market via quotation or tender. Cumulative spending should not exceed the tender threshold without a formal procurement process.

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e-Procurement	The use of online tendering and electronic systems to purchase and pay for supply.
EOI	Expression of Interest
Expression of Interest	An invitation for persons to submit an EOI for the provision of the goods, services or works. This Invitation is not an offer or a contract.
Officer	Any member of Council staff.
Outsourced Council Works	Works undertaken by request, purchase order or contract to Council by an independent entity.
Panel Arrangements	A contract that sets out rates for goods, services or works available for the agreement term. No commitment is made to purchase a specified value or quantity of goods or services.
Probity	Uprightness, honesty, proper and ethical conduct and propriety in dealings. Within Government, the word "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 consider the legitimate interests of suppliers and ensure that all potential suppliers are treated equally.
Procurement	Procurement is the whole process of acquisition of external goods, services or works. This process spans the whole life cycle from concept to the end of the useful life of an asset (including disposal) or the end of a service contract.
Public Tender	A formal written request for the provision of goods, services or works, open to any prospective supplier. A public notice or advertisement must be issued.
Request for Quotation	A formal written request to selected prospective suppliers for the provision of goods, services or works. A request for quotation will allow the supplier to define some or all the terms and the specification of the supply.
Responsible Officer	Any Council staff member who is responsible for a service or project for which procurement is being undertaken.
Select Tender	A formal written request to selected prospective suppliers for the provision of goods, services or works. A tender will define the terms and specification of supply. A select tender is equivalent to a request for quotation.
Standing Offer Arrangements	A contract that sets out rates for goods, services or works which are available for the agreement term. No commitment is made under the agreement to purchase a specified value or quantity of goods or services
Supply	Goods, services or works that have been procured from another entity.
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 to submit a quotation or tender, followed by evaluation of submissions and selection of a successful bidder or tenderer.

2. EFFECTIVE LEGISLATIVE AND POLICY COMPLIANCE CONTROL

2.1 Ethics and Probity

The Council must perform procurement activities with unquestionable integrity and in a manner that can withstand the closest possible scrutiny.

2.2 Conduct of Councillors and Council Officers

2.2.1 General

Councillors and Council officers shall undertake procurement activities in ways that are ethical and of the highest integrity. In accordance with sections 126-131 of the Act, Councillors and Council Officers have an overriding responsibility to act impartially and with integrity, avoiding conflicts of interest.

Councillors and Council officers will:

- Treat potential and existing suppliers with equality and fairness.
- Not seek or receive personal gain and adhere to the Councillor Gifts Policy and Staff Gift Policy in all matters of procurement.
- Maintain confidentiality of Commercial in Confidence information.
- Present the highest standards of professionalism and probity.
- Deal with suppliers honestly and impartially.
- Provide all suppliers and bidders with the same information to ensure equal opportunity.
- Be accountable for all decisions made.
- Maintain fair, equitable and non-discriminatory procedures for addressing complaints and concerns raised by suppliers or community members regarding Council's procurement activities.
- Act in accordance with the Staff Code of Conduct or the Councillor Code of Conduct policies.
- Must disclose any conflict of interest.
- Not perform any outsourced Council services and works.

2.2.2 Members of Professional Bodies

Councillors and Council officers belonging to professional organisations shall, in addition to the obligations detailed in this policy, ensure that they adhere to any code of ethics or professional standards required by that body.

2.3 Tender and Quotation Processes

The Council shall undertake all tender and quotation processes in accordance with the Act, the requirements of this Policy and any associated procedures, relevant legislation, and relevant Australian Standards.

2.4 Conflict of Interest

Councillors and Council officers shall not participate in procurement activities where they have a conflict of interest. Further, Councillors and officers shall avoid situations in which private interests have a potential to or might be thought to conflict with their Council duties.

Councillors and Council officers involved in the procurement process, in particular preparing tender documentation, including writing tender specifications, tender opening, and tender evaluation panels, must:

- **Avoid** conflicts of interest, whether actual, potential, or perceived, arising between their official duties and private interests. Private interests include the financial and other interests of Councillors and Council officers, plus their relatives and close associates.
- **Declare** any conflict of interest that exists or that they have no conflict of interest.
- **Observe** prevailing Council, and Victorian Government Purchasing Board 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.

2.5 Fair and Honest Dealing

Council is committed to providing equal opportunity for all businesses, irrespective of their size and location, to bid for work through open and transparent market processes.

Impartiality is to be maintained through the procurement process to eliminate the prospect of any bias in decisions and withstand public scrutiny.

2.6 Gifts and Hospitality

No Councillor or Council officer shall either directly or indirectly solicit or accept gifts or presents from any supplier, provider or contractor, or any other member of the public, involved with any matter connected with the procurement of goods, services or works. The Councillor Gifts Policy and Staff Gift Policy also apply.

2.7 Confidentiality

Information received by the Council concerning requests for quotation or tenders must not be disclosed to other parties and securely stored.

Councillors and Council officers are to prevent information disclosure by refusing to release or discuss the following:

- Pre-contract information includes, but is not limited to, information provided in quotations and tenders or subsequently provided in pre-contract negotiations.
- Information disclosed by organisations in tenders, quotations or during tender negotiations.
- All information that is Commercial in Confidence.
- Agency employment services where initial contracts need to be extended (subject to appropriate approvals).

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 have potential contractual implications before the contract approval process is finalised.

2.8 Disclosure of Information

Information related to procurement shall be disclosed where required by the Act or in accordance with [Appendix 3](#) of this Policy.

2.9 Borrowings

Borrowings (often referred to as loans) are not within the scope of the Procurement Policy. Borrowings are considered contracts for borrowings and not contracts for goods, services or works. The process undertaken in sourcing borrowings will seek to get the best financial outcome transparently.

2.10 Governance

2.10.1 Structure

The Council shall maintain a procurement framework and delegations ensuring accountability, traceability and auditability of all procurement decisions made over the lifecycle of all goods, services and works purchased.

The framework shall comprise:

- This Policy.
- A Procurement Strategy.
- A Procurement Service Delivery Plan; and
- Other forms, templates, and business systems.

Council will also ensure that the procurement framework:

- Is flexible enough to promptly enable the purchase of the diverse range of goods, services and works required by Council.
- Ensures that prospective contractors and suppliers are allowed to tender/quote on equal terms.
- Encourages competition; and
- Ensures that changes to this policy and associated procedures are communicated and implemented.

2.10.2 Standards

Council's procurement activities shall be carried out in compliance with:

- The Act.
- Other Council policies.
- Council Staff Code of Conduct and Councillor Code of Conduct.
- Other relevant legislative requirements such as, but are not limited to, the *Competition and Consumer Act 2010 (Cwth)*, *Australian Consumer Law and Fair Trading Act 2012 (Vic)* and the *Environmental Protection Act 2017 (Vic)*.

Officers can obtain guidance on procurement matters from:

- Victorian Local Government Best Practice Procurement Guidelines 2013.

2.10.3 Methods

Council's standard methods for procuring goods, services and works shall be by one or more of the following methods:

- Purchase card (i.e. fuel card);
- Credit card;
- Purchase order;

- Under contract following quotation or select tender process;
- Under contract following a public tender process; or
- Using collaborative purchasing arrangements with other Councils, MAV Procurement, Victorian Government, Procurement Australia or other bodies where procurement processes meet the requirements of the Act and this policy.
- Other arrangements authorised by the Council or the CEO on a needs basis as required by abnormal circumstances such as emergencies.

2.10.4 Responsible Financial Management

Council shall apply responsible financial management to all procurement activities. Funding for any procurement must be from an existing approved budget or have documented grant funding before commencing any procurement action to supply goods, services or works. No procurement can begin without approved funding unless in an emergency.

Where the quotation or tender sum exceeds the budget allocation, the Responsible Officer will review the project's scope or obtain an expenditure variation to the budget before committing.

Council officers shall not authorise the expenditure of funds above their financial delegations or split funds to fit within their financial delegation. Council officers that breach their delegated authority may face action under the Performance Management Employee Discipline Policy.

Financial Management entails:

- Efficient and effective use of Council funds to procure goods, services, and works.
- Every purchase attempt must use the procurement process, and not compromise any of the procurement principles set out in this policy.

2.11 Procurement Processes and Thresholds

Council procurement processes are based on several principles:

2.11.1 Market Engagement Methods

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

A public tender process must be used for all procurements valued at above \$150,000 (ex GST) for goods and services and \$200,000 (ex GST) for works.

For all procurements valued under \$150,000 (ex GST), the procurement methodology and thresholds are detailed in Appendix 3 of this Policy.

The procurement thresholds for different procurement methods shall not exceed thresholds defined by this Policy.

Use of procurement methods below their thresholds is recommended where the following may occur or be achieved:

- Improved competitiveness,
- Better management of risk;
- Fairer opportunity for prospective suppliers; or
- Variations to supply may take total expenditure above the applicable threshold.

If an approved budget for the procurement process is within 5% of the tendering threshold listed in Appendix 3, then the procurement requirements must be followed.

Where a procurement process has been undertaken, and the tendered cost of supply (including contingency for variations) by the preferred supplier exceeds the limit for the procurement method, the process shall be declared void and a new approach to market undertaken.

The supply shall not be intentionally divided to avoid exceeding a procurement limit.

2.11.2 Exemptions from Market Engagement

An exemption to the Market Engagement methods and procedures may be requested under the following circumstances:

- In emergency matters, including public health, security or safety due to an unforeseen event or occurrence.
- A change in supplier would necessitate the procurement of goods and services that do not meet the requirements for interoperability or interchangeability.
- Absence of competition for technical reasons.
- The goods, services or works are required as part of a grant, funding agreement, lease or similar arrangement explicitly stating how the goods, services or works are to be provided or undertaken.
- Research and development matters for specialist input for the Council's future development, operations, projects, and services.
- The purchase relates to unique objects such as works of art, artefacts, live shows and other items for which there is no alternative or equivalent supply option. Delegations as defined in [Appendix 1](#) apply. Section 2.11.1 does not apply in respect of a contract if:
 - The contract becomes novated (terminated), and
 - The original contract was entered into in accordance with section 2.11.1, and
 - The Council has undertaken due diligence in respect of the new party.
- Where the procurement is on Council's procurement exemptions list (refer to Appendix 4).

Where a competitive procurement process cannot be undertaken, due to the nature of the goods being acquired, the Responsible Officer must ensure that the procurement has addressed issues of risk, best or fair value, and is in accordance with other applicable policies, strategies and plans of Council.

2.11.3 Fair Value

Where procurement is undertaken through direct purchase or single quotation, or where an approach to market through a request for quote or a request for tender results in less than three (3) responses, the decision to enter into a supply arrangement shall be based on an assessment of fair value.

Fair value can be assessed based on one or more of the following:

- price;
- quality;
- time;
- fit for purpose; or
- other applicable criteria.

2.11.4 Best Value

Best value procurement requires that the selecting of a suitable supply of goods, services and works based on cost and non-cost factors. These include:

- Quality and cost standards are defined by the Council for the delivery of services.
- Services that are accessible to those members of the community for whom the service is intended.
- Services that meet the community's expectations and values; and
- Services that provide value for money.

2.11.5 Open and Fair Competition

All suppliers are to be treated fairly and have access to the same information and opportunity.

2.11.6 Accountability

The Council shall maintain consistency in procurement across the whole organisation through established frameworks, policies and procedures. Accountability in procurement means being able to explain and provide evidence on the process followed. The test of responsibility is that an independent third party must clearly see that a process has been followed and that the process is fair and reasonable.

Additionally, all Council officers must be able to:

- account for all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council and provide feedback on them; and
- all procurement activities are to provide an audit trail for monitoring and reporting purposes.

2.11.7 Cumulative Spend

Cumulative spend with a supplier shall not exceed the Value of Procurement limit for the procurement method (refer [Appendix 3](#)). Cumulation of expenditure shall conclude at each subsequent approach to market.

Cumulative spend limits shall not apply to:

- suppliers of utility/essential services (electricity, gas, water, telecommunications, medical services)
- suppliers of other services where no competitive market exists (e.g. Workcover, Superannuation).

2.12 Procurement Method

2.12.1 Direct Purchase

- a) Direct purchase may be used for minor purchases valued up to the procurement threshold for this procurement method as defined in [Appendix 3](#). The Officer must be able to demonstrate that fair value has been obtained.
- b) Direct purchase may be used up to the procurement threshold for single or multiple written quotation as defined in [Appendix 3](#) where goods, services or works are provided by

suppliers who have been pre-approved or pre-qualified through an approach to market that meets the applicable procurement method. The Officer must be able to demonstrate that fair value has been obtained.

2.12.2 Single Written Quotation

- a) Purchase using a single written quotation may be used for goods, services and works up to the procurement threshold for this procurement method as defined in [Appendix 3](#). The Officer must be able to demonstrate that fair value has been obtained.
- b) All procurement over the price of \$10,000 must be registered with the Contracts and Procurement Coordinator.

2.12.3 Multiple Written Quotation

- a) Three or more written quotations are to be sought to procure goods, services and works up to the procurement threshold for this procurement method as defined in [Appendix 3](#). Lowest price or fair value (value based assessment) is to be demonstrated. Where value based evaluation is used, the procurement is approved by the Responsible Officer.
- b) Use of quotation (rather than tender) for procurement should only apply where risk associated with procurement has adequate protection under Australian Consumer Law.
- c) Where the allocated budget is above \$30,000, the Responsible Officer must formalise the quotation/tender through the procurement processes stipulated in [Appendix 3](#).

2.12.4 Select Tender or Request for Quotation

A tender process should be used to provide better management of procurement risk than is achieved through quotation.

Three or more suitable suppliers are to be sought for the procurement of goods, services and works up to the procurement limit for this procurement method as defined in [Appendix 3](#). Lowest price or value based assessment is to be demonstrated. Where value based evaluation is used, evaluation is to be in accordance with [Appendix 2](#).

Where a select tender is called Council shall either:

- Invite all respondents to an expression of interest for the service type who is, upon assessment, deemed to be suitable suppliers and who, upon assessment, can reasonably be expected to affect supply, the opportunity to tender, or;
- Invite three or more respondents to an expression of interest for the service type who is, upon assessment, deemed to be suitable suppliers and who, upon assessment, can reasonably be expected to affect supply, the opportunity to tender, or;
- Where no expression of interest has been called, invite three or more suitable suppliers who can reasonably be expected to undertake the opportunity to tender.

2.12.5 Public Tender

Public tenders shall be called where the cost of supply may or will exceed the minimum thresholds identified in [Appendix 3](#).

Public tenders may be called where the cost of supply is less than the threshold and such a tender may:

- Improve competitiveness of supply
- Ensure fairer opportunity to supply
- Provide better quality of supply
- Result in better timeliness of supply

Public tenders shall be called by public notice and via Council's e-tendering Portal.

2.13 Evaluation of Tenders and Quotations

Tenders and quotations shall be evaluated based on either:

- lowest price; or
- value weighted assessment.

Where value weighted assessment is applied, the assessment shall be undertaken by a panel in accordance with [Appendix 2](#).

Evaluation of higher value tenders must have key evaluation criteria clearly outlined in the specification/brief. There are two types of criteria:

Mandatory Criteria (Pass/Fail)

- Occupational Health and Safety
- Business Insurances as nominated by Council
- Any regulatory/legislative requirements/licences
- Any other as specified in the tender documentation

Project qualitative/comparative criteria (scored)

Areas such as experience, capability, methodology and timeframe can be considered in this criteria.

2.14 Non-conforming Tenders

Upon receipt, the Procurement department will review all tender submissions to ensure that required schedules have been submitted.

A tender submission will be deemed non-conforming if:

- a) Required schedules have not been included or are incomplete.
- b) Submission has not met specification requirements
- c) Tendered price is 30% or greater than the allocated budget and all other tender prices.

A tender submission may be identified as non-conforming during the evaluation process. In this case, the evaluation panel should quarantine the submission and refer to the procurement department for further review/confirmation of non-conformance.

Council may sometimes receive tenders which offer alternatives that were not sought in the tender documentation. Council should always be open to innovative proposals as they may provide opportunities to achieve continual improvement. Tender documentation where alternative solutions are sought should specifically invite non-conforming bids to be submitted and considered with other tenders.

A tenderer submitting a non-conforming tender shall fully detail the extent of any variance from the tender documents in the tender schedule headed "Statement of Conformance". If the "Statement of

Conformance” is not correctly completed the tender may not be further considered at the discretion of the evaluation panel.

2.15 Exemption from Tendering

Council may exempt a procurement process from a formal tender process when there are extenuating circumstances. A report must be presented to Council clearly outlining the reasons why a formal tender process should not be completed. No engagement for services or works can commence until Council formally approves the exemption.

2.16 Panels Arrangements – Approved Suppliers

An approved supplier is a contractor/company that has been appointed following an open tender process. New suppliers can only be added to these panels via approval at a Council meeting. Unless specified during a tender process no minimum quantity of sales or turnover is guaranteed to an approved supplier.

The use of established panels should be transparent as suppliers appointed to the panel will have a reasonable expectation that Council will provide panel members with an equal opportunity to quote for goods, services or works. Before establishing a panel there should be documented methodology on how works/services are to be determined for allocation to companies appointed to the panel. Consideration should be given to the number of companies to be appointed to maintain a workable panel.

When accessing established panels arrangements quotations should be sought consistent with the guidelines set out in 2.11.1 to ensure that any procurement through panels demonstrates value for money and a competitive process.

An exception is that an Approved Supplier may be appointed directly for works up to \$10,000 where a Schedule of Rates has been provided under the panel's terms. For procurements greater than \$10,000 the quotation requirement outlined in Appendix 3 must be followed.

Council officers responsible for the contract management of panel arrangements should be mindful of day to day practicalities and acknowledge that a competitive process and value for money assessment has already been undertaken to establish the panel in the first instance. Accordingly, there may be situations where no further benefit is obtained from seeking quotations from the panel. For example:

- Small, every day, low risk, low value works such as those from trade services providers like electricians, plumbers, or
- Where the contract with each panel supplier includes a comprehensive schedule of rates covering all expected work items the costs for packages of work can be accurately determined beforehand by the Council officer without the need for further quotations.

In the above examples, it may be appropriate for the Council officer to allocate work across the individual panel suppliers based on their respective skill sets and capacity at the time to meet Council's required timeframes. This allocation methodology should be determined prior to the establishment of the panel.

2.16.1 Panel Arrangements – Approved Suppliers – Administration

Approved suppliers will be appointed following a formal tender process and will be contracted for the period as outlined in the tender specification, including any options for extension.

Approved suppliers should be monitored periodically to determine if suppliers should remain on the panel. Approved suppliers who fail to meet expectations may be removed from the panel without notification.

Council may choose to run a tender process to add suppliers to a panel during its term, if it determines that the panel may benefit from having additional suppliers incorporated before the end of the contract term.

2.17 Delegation of Authority

Delegation of authority for procurement allows specific Council officer to approve purchases, quotation, tenders and contractual processes without prior referral to the Council. Enabling Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

2.17.1 Chief Executive Officer

The Chief Executive Officer holds delegation to all aspects of procurement except those delegations reserved for the Council.

The Chief Executive Officer can establish, amend and revoke sub-delegations to staff concerning procurement.

The Chief Executive Officer can authorise procurement of goods, services and works to unlimited value in emergency circumstances.

2.17.2 Council Officers

Delegations for Council officers are defined in [Appendix 1](#). The delegations include:

- authority to enter into an arrangement to procure goods, services and works within an approved budget or procurement threshold;
- authority to approve payments for goods, services and works in part and in full against an approved budget;
- authority to use purchase cards (where applicable);
- authority to approve variations to contracts (as per Appendix 3); and
- authority to approve contract extensions.

These delegations are to be reviewed in conjunction with each review of this policy.

2.17.3 Delegations Reserved for Council

The following procurement values must be approved by the Council:

- \$50,000 and above for works of art and other unique purchases; or
- \$225,000 and above for agreements or contracts for the purchase of goods and services; or
- \$300,000 and above for entry into contract for works;
- Contract variations that require allocation of funds over Council approved budgets;
- Contract term extensions that require allocation of funds over Council approved budgets.
- Contracts, regardless of value, requiring execution under the common seal.

2.18 Internal Controls

Council maintains a framework of internal controls over procurement processes that ensures:

- More than one person is involved in, and responsible for, end to end procurement transactions.
- Financial and audit control methods are applied to all procurement transactions.
- Transparency in the procurement process.
- Appropriate authorisations are obtained and documented.
- Systems exist for appropriate monitoring and performance measurement; and
- The administration of contracts will be undertaken to ensure variations and extensions are approved in accordance with officer delegations.

2.19 Risk Management

Council will manage all aspects of its procurement processes in accordance with its adopted Risk Management Policy and Risk Management Framework.

Where appropriate, procurement risks are to be assessed and mitigated through risk planning to address:

- Financial risks including cost management, insurances and securities.
- Social risks including community expectations, indigenous and cultural heritage, and public and workplace safety; and
- Environmental risks including threatened flora and fauna, contamination of water, air and soil.

Management of risk is to be undertaken through all stages of procurement and commensurate with the level of assessed risk and associated mitigation plans.

Risk assessments are to be in accordance with the standard required by law and in accordance with Australian Standards.

2.20 Occupational Health and Safety

To ensure the health and safety of our workers and visitors, procurement will be undertaken in accordance with requirements set out in the Occupational Health and Safety Policy.

2.21 Supply by Contract

Where procurement risk can be better managed through supply by contract, as an adjunct to the *Australian Consumer Law and Fair Trading Act 2012*, use of contract should be considered.

The Council will minimise its risk exposure by measures such as:

- Use of standard contracts that are appropriate to the specific supply.
- Use of securities including retentions, bank guarantees or cash deposits where applicable.
- Use of pre-qualification procedures to assess supplier capability.
- Use of post-contract evaluation to manage contractor performance.
- Use of controls such as liquidated damages to manage contractor performance.
- Use of specifications appropriate to the specific supply, including use of peer or professional review before approaching the market.
- Requiring contractual agreement before allowing the commencement of work.
- Use of, or reference to relevant, Australian Standards (or equivalent); and
- Accurate and effective administration of contracts including monitoring and enforcing performance.

2.22 Contract Terms

All contractual relationships must be documented in writing and based on standard terms and conditions.

Terms and conditions must be defined before approaching the market and settled before making any commitment to the supplier.

Acceptance of a quote and or issue of a purchase order without a formal contract in place amounts to a contract and is subject to Australian Consumer Law.

2.23 Contract Management and Dispute Resolution

Contract management shall ensure goods, services or works are provided to the defined standards, quantities and timeframes.

Contracts shall be administered to:

- Reasonably and proactively manage the performance of responsibilities and obligations of both parties under the contract; and
- Provide a means for the early recognition of issues and performance problems and the identification of resolution methods; and
- Enable disputes to be resolved prior to and without recourse to litigation

2.24 e-Procurement

e-Procurement includes the use of online tendering and electronic systems to procure, purchase and pay for supply.

Council may use e-procurement to:

- Reduce transaction costs.
- Make administrative processes more efficient.
- Improve compliance and auditability.
- Increase control and consistency of processes; and

3. IMPROVE BUDGET CONTROL.DEMONSTRATE SUSTAINED VALUE

3.1 Integration with Council Plans and Strategies

Council's procurement strategy shall support its corporate strategy as outlined in the Council Plan 2021-2025.

This will be achieved by:

- Developing, implementing and managing procurement strategies that support the coordination and streamlining of activities.
- Effective use of competition.
- Using centralised contracts and standing offer arrangements where applicable.
- Implementing continual improvement efficiencies in procurement processes.
- Developing cost-efficient tender process including use of e-solutions.
- Council officers responsible for providing procurement services or assistance give competent advice in terms of available products and agreements.
- Working with suppliers to create relationships that are professional and productive.

3.2 Achieving Best Value

Council's procurement activities will be carried out based on obtaining best value.

This will be facilitated by:

- Developing, implementing and managing procurement activities that support the coordination and streamlining of procedures.
- Identifying and rectifying inefficiencies in procurement processes.
- Promoting effective use of competition;
- Using contractual pricing or Standing Offer Arrangements where appropriate;
- Establishing panels of preferred suppliers for standing offer arrangements.
- Developing cost and time-efficient tender processes including appropriate use of e-procurement.
- Use of pre-qualified suppliers to minimise costs associated with tender completion and compliance.
- Providing staff training to ensure adequate understanding of policies and procedures.

3.3 Role of Specifications

Specifications used in quotations, tenders and contracts are to support Council's best value for money objectives and should be written to:

- Ensuring impartiality and objectivity.
- Identifying the procurement requirements.
- Encouraging the use of standard products.
- Promoting sustainability (Reduce, Reuse, Recycle and Renew).
- Eliminating unnecessarily stringent requirements.
- Supports local supply.
- Where practical promotes Social Procurement including the use of Aboriginal and Torres Strait Islander owned and operated companies along with social enterprises or other social benefit suppliers.
- Ensure that relevant legislation is complied with when required:
 - Gender Equality Act 2020
 - Child Wellbeing and Safety Act 2005
 - Labour Hire Licencing 2018
 - Modern Slavery Act 2018
 - Others as relevant to works/services

3.4 Asset Disposal

Council shall apply best value principles when undertaking disposal of assets.

The following principles shall apply to disposal:

- Where appropriate, sale of assets shall be through public process including tender, quotation or auction, or other 'arms-length' arrangement.
- Where appropriate, opportunities for local sale shall be facilitated.

3.5 Sustainability

The Council is committed to Corporate Social Responsibility through taking positive social action to promote social, financial and environmental sustainability.

The Council is committed to sustainability and ensuring it monitors and reports on Council activities and programs that impact or contribute to these elements of sustainability.

3.1 Social Procurement

Social procurement involves using procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works. Social Procurement generates positive outcomes by building on initiatives already undertaken by the Council in enhancing sustainable and strategic procurement practice, enabling procurement to effectively contribute towards building stronger communities and meeting the social objectives of the Council.

Social Procurement includes:

- Employment of groups with entrenched disadvantage.
- Use of Aboriginal and Torres Strait Islander owned and operated companies.
- Social Enterprises.
- Disability Enterprises.
- Employment of Apprentices.
- Employment of recognised Youth Traineeships.
- Employment of Youth Labour.
- Benefits to the Local Community.

The Council is supporting social procurement when engaging local suppliers, contractors or service providers. Council may engage with any of the groups below when:

- a) Advantageous to a specific procurement.
- b) Is within specific procurement thresholds.
- c) The works or services required provide best value for money.

3.2 Diversity

Promoting equality through procurement can improve competition, best value and the quality of public services, user satisfaction and community relationships. It should be a consideration in procurement activities and reflect corporate commitment to diversity and equal opportunity where possible.

Council recognises the importance of having a diverse supplier base that reflects the extent of Council's clients and community.

Diversity and inclusion in procurement can refer to diverse suppliers, for example indigenous, culturally diverse, disability or gender diverse suppliers or generic suppliers considering the needs of various groups.

A wide range of suppliers should be encouraged to compete for Council work. The focus for new work should encourage business diversity including:

- Local suppliers
- Green suppliers
- Small to medium sized enterprises (SME's)
- Social enterprises
- Aboriginal and Torres Strait Islander owned and operated
- Voluntary and community organisations.

3.3 Sustainable Procurement

The Council is committed to adopting a sustainable approach to procurement by conducting business to benefit society in the long term and purchasing of environmentally preferred products should they achieve and equivalent operational function.

The assessment shall ensure real and long-term value for money from procurement decisions and procurement processes, including whole of life cost to society, environment and the economy, through attention to the following:

- Efficient resource use;
- Appropriate waste management;
- Reduce, reuse, recycle and renew;
- Minimise habitat destruction
- Minimise or eliminate use of materials that release toxic substances through their life cycle
- Green the supply chain;
- Energy management;
- Emission and pollution management;
- Water conservation; and
- Energy-efficient building design.

3.4 Local Supply

Council is committed to supporting local suppliers where supply can be justified on best value grounds. Where procurement is based on price alone or a value weighted assessment process, a local benefit of 5% shall be applied to the weighted cost component of supply that is sourced within the municipality.

A local supplier is defined as:

- Organisation that employs one or more people who currently reside in the municipality, and who have continually done so for at least 12 months; or
- Organisation that has their registered business premises located within the municipality (refer to the Australian Business Register – <http://abr.business.gov.au>)

3.5 Collaboration between Councils

In accordance with section 108(3)(c) of the Act, Council will consider collaborating with other Councils and public bodies or utilising Collaborative Procurement Arrangements, when procuring goods, services and works to take advantage of economies of scale. Council officers should consider any opportunities for collaborative procurement concerning a procurement process undertaken by Council.

In accordance with section 109(2) of the Act, the Chief Executive Officer must ensure that any report to the Council that recommends entering into a procurement agreement includes information in relation to any opportunities for collaboration with other Councils or public bodies which may be available.

Where procurement planning is being undertaken, due diligence should be undertaken to evaluate if Best Value for Money can be achieved by using an agent or a collaborative tender.

3.6 Third Party Privacy

Suppliers (including their sub-contractors) engaging in procurement with Council are bound by Council's Privacy Policy.

4. APPLY A CONSISTENT AND STANDARD APPROACH

Council will maintain standard operating procedures for all stages of procurement.

Standard operating procedures will be documented in a Service Delivery Plan.

The Service Delivery Plan shall be reviewed and revised following the principles of continuous improvement.

The Contracts and Procurement Coordinator manages and amends the Service Delivery Plan, including associated forms, templates, work instructions, and other business processes.

The Service Delivery Plan will address the following:

- Pre-procurement planning.
- Tender and quotation requests.
- Tender and quotation evaluation.
- Contract administration.
- Post-contract evaluation.
- Records Management.
- Reporting; and
- Roles and responsibilities.

4.1 Management of Information

The Council will capture procurement management information in a variety of areas, including:

- Maintaining a register of all quotations and contracts above \$10,000.
- Tender and contract status.
- Approved supplier lists.
- Pre-qualified supplier lists.
- Supplier performance; and
- Cumulative spend.

5. BUILD AND MAINTAIN SUPPLY RELATIONSHIPS

Council recognises that to achieve best value, a strategic assessment of the appropriate approach to market should be undertaken – whether to go to market on its own, participate in regional or sector aggregated projects or panels, access State Government panel agreements or other means. Council will consider which supply arrangement delivers best value outcomes in terms of time, cost, sustainability, value and outcome.

5.1 Developing and Managing Suppliers

Council recognises the importance of effective and fair working relationships with its suppliers. Council is committed to the following:

- Managing existing suppliers, via the appropriate development programs and performance measurements to ensure the best performance;
- Maintaining an up to date Approved Supplier Lists; and
- Developing new suppliers and improving the capability of existing suppliers where appropriate.

Broadening the base of suppliers benefits the competitiveness of procurement and provides opportunities for business development. Council is committed to supporting:

- Social enterprises;
- Voluntary and community organisations; and
- Small to medium sized businesses (SME's).

5.2 Communication

External communication is essential in ensuring a healthy interest from potential suppliers and partners to the Council. The Council website will be updated regularly and provide:

- Information about Council and how to become an approved supplier.
- Guidelines for doing business with Council.
- Standard documentation used in the procurement process; and
- Links to other relevant sites.

6. CONTINUAL IMPROVEMENT

Council is committed to the principles of continuous improvement. The Contracts and Procurement Coordinator will review the procurement policy on an annual basis to ensure it continues to meet Council's strategic objectives and the requirements of the Local Government Act 2020. Procurement performance measures will also be reviewed regularly to:

- Report on outcomes adopted following service audits.
- Highlight trends and exceptions where necessary to enhance performance and effectively manage risk.
- Improve the internal efficiency of procurement processes; and
- Monitor supplier performance.

7. POLICY RESPONSIBILITY

It is the responsibility of all officers to monitor and ensure compliance with the requirements of this Policy. Check points will be put in place within the Council's purchase order system to ensure compliance before orders can be completed.

It is the responsibility of all officers to ensure all purchases for goods, services or works are undertaken in compliance with the systems and procedures designated by this Policy and associated procedures.

The Contracts and Procurement Coordinator is responsible for staff inductions shall ensure all new staff are familiar with the requirements of this Policy and associated procedures.

Staff not complying with the requirements of this policy may be in breach of the Staff Code of Conduct and subject to disciplinary action.

8. REFERENCES

- Local Government Act 2020
- Gender Equality Act 2020
- Child Wellbeing and Safety Act 2005
- Labour Hire Licencing 2018
- Modern Slavery Act 2018

- Privacy and Data Protection Act 2014
- Competition of Consumer Act 2010 (Cwth)
- Freedom of Information Act 1982
- Public Records Act 1973
- Security of Payments Act 2002
- Charter of Human Rights Compliance (Vic) 2006
- Australian Consumer Law and Fair Trading Act 2012 (Vic)
- Environmental Protection Act 2017 (Vic).

9. ASSOCIATED DOCUMENTS

- Staff Code of Conduct
- Councillor Code of Conduct
- Performance Management Employee Discipline Policy
- Risk Management Policy
- Risk Management Framework
- OHS Policy
- Privacy Policy
- Councillor Gifts Policy
- Staff Gifts Policy
- Social Procurement: A Guide for Victorian Local Government
- Victorian Local Government Best Practice Procurement Guidelines 2013
- Victorian Government Gazette, Order in Council 7 August 2008

10. CHARTER OF HUMAN RIGHTS COMPLIANCE

Council will ensure that all its procurement operations are fully consistent with the prescribed rights and responsibilities and that they respect fundamental rights within the Victorian Charter of Human Rights and Responsibilities Act 2006 (Vic).

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APPENDICES

Appendix 1: Financial Delegations

The following table defines financial delegations for the CEO, Officers and other positions based on identified tiers. Refer to Council's delegations by specific role or position.

POSITION	DELEGATION	COMMENT
Tier 1: Chief Executive Officer	goods / services: \$225,000 works: \$300,000	Within approved budget. Unlimited if approved by Council or in emergency circumstances.
Tier 2: Nominated Officers & Coordinators	\$50,000	Within approved budget under direct management, or budget as delegated by CEO.
Tier 3: Nominated Coordinators & Officers	\$30,000	Within approved budget under direct management, or budget as delegated by CEO.
Tier 4: Nominated Coordinators, Officers & Team Leaders	\$5,000	Within approved budget as delegated by CEO.

Note: All amounts exclude GST

Note: Tiers relate solely to the requirements of the Procurement Policy.

Appendix 2: Evaluation Panel

PROCUREMENT VALUE	METHOD	EVALUATION PANEL
< \$15,000	Quotation	<ul style="list-style-type: none"> Officer
\$15,000 ~ \$30,000 - lowest price	Quotation	<ul style="list-style-type: none"> Responsible Officer
\$10,000 ~ \$30,000 - value weighted	Quotation	<ul style="list-style-type: none"> Responsible Officer Tier 4 Coordinator, Tier 3 Officer, or Tier 2 Officer
\$30,000 ~ \$75,000 - lowest price	Tender or Quotation	<ul style="list-style-type: none"> Officer Tier 3 Officer or Tier 2 Officer
\$30,000 ~ \$75,000 - value weighted	Tender or Quotation	<ul style="list-style-type: none"> Responsible Officer Council Officer Procurement Officer (Chairperson non-voting)
\$75,000 ~ \$150,000 - goods or services \$75,000 ~ \$200,000 - works	Tender or Quotation	<ul style="list-style-type: none"> Responsible Officer Council Officer Procurement Officer (Chairperson non-voting)
> \$150,000 - goods or services > \$200,000 - works	Tender	<ul style="list-style-type: none"> Responsible Officer Council Officer Procurement Officer (Chairperson non-voting)

Note: All amounts exclude GST.

- 1 Consideration should be given to gender diversity in the makeup of a panel
- 2 The evaluation panel must have a minimum of three (3) members (minimum of two council staff) and may include external consultants who are specialists in the area.
- 3 The evaluation process must be documented, robust, systematic and unbiased.
- 4 Once a preferred tenderer is selected, negotiations may be conducted to obtain the optimal solution and commercial arrangements, providing they remain within the intent and scope of the tender. Such negotiations must be exhausted with one tenderer before beginning with another tenderer.
- 5 The tender evaluation panel will produce a written report using the prescribed template.

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Appendix 3: Procurement Methods



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METHOD	DIRECT PURCHASE	DIRECT PURCHASE	SINGLE QUOTE	MULTIPLE QUOTES	REQUEST FOR QUOTATION OR SELECT TENDER	REQUEST FOR QUOTATION OR SELECT TENDER	PUBLIC TENDER
VALUE OF PROCUREMENT	\$0 - \$100	\$101 - \$1,000	\$1,000 - \$15,000 (OR GREATER AMOUNT IN ACCORDANCE WITH SUB-CLAUSE 2.3.4.2(B))	\$15,000 - \$30,000	\$30,000 - \$75,000	\$75,000 TO \$150,000 (GOODS AND SERVICES) \$75,000 TO \$200,000 (WORKS)	\$150,000+ (GOODS AND SERVICES) \$200,000+ (WORKS)
MINIMUM REQUIREMENTS	<ul style="list-style-type: none"> Use of any suitable supplier. Fair value applies Credit card invoice, or Cash sale invoice or Purchasing card invoice 	<ul style="list-style-type: none"> Use of any suitable supplier. Fair value applies Purchase order issued, or Credit card invoice, or Cash sale invoice or Purchasing card invoice. 	<ul style="list-style-type: none"> Minimum 1 written quote. Fair value applies Use of any suitable supplier. Purchase Order issued. Credit card invoice Procurement Summary between \$5,000 to \$10,000 	<ul style="list-style-type: none"> Minimum 3 written quotes. Lowest price, or Best value to be demonstrated. Use of any suitable supplier. Procurement summary to be completed. Use of preferred supplier without quotation subject to aggregated spend. Purchase Order issued. Registration of all quotations over \$10,000 with Procurement department. 	<ul style="list-style-type: none"> Minimum 3 suitable suppliers approached. Written Scope / Specification. Use of template proforma for procurement. Procurement evaluation criteria to be defined. Evaluation by officer or tender panel Procurement summary may be used if assessment by lowest price, or Tender evaluation report detailing assessment process if value weighted assessment used. 	<ul style="list-style-type: none"> Minimum 3 suitable suppliers approached. Written Scope / Specification. Use of template proforma for procurement. Procurement & Risk plan prior to tender. Procurement evaluation criteria to be defined. Evaluation by tender panel. Tender evaluation report detailing assessment process Recommendation prepared for approval by CEO. 	<ul style="list-style-type: none"> Public Tender Written Scope / Specification Use of template proforma for procurement. Procurement & Risk plan prior to tender. Procurement evaluation criteria to be defined. Evaluation by tender panel. Evaluation criteria reviewed by tender panel – variance reported. Tender evaluation report detailing assessment process. Recommendation prepared to CEO for approval by Council.
OPTIONAL REQUIREMENTS	<ul style="list-style-type: none"> Purchase Order <i>Must be created after purchase for invoice payment</i> 	<ul style="list-style-type: none"> Written quotes. 	<ul style="list-style-type: none"> 1 written quote. Use of preferred supplier without quotation subject to aggregated spend. 	<ul style="list-style-type: none"> Use of preferred supplier without quotation subject to aggregated spend. Request for Quotation or Select Tender. Written Scope / Specification. 	<ul style="list-style-type: none"> Public Tender, or Expression of Interest and Select Tender to follow. Select Tender or RFQ to Pre-qualified suppliers. Aggregated purchasing arrangements that have met multiple quotation requirements 	<ul style="list-style-type: none"> Public Tender Expression of Interest and Select Tender to follow. Select Tender or RFQ to Pre-qualified suppliers. Aggregated purchasing arrangements that have met multiple quotation requirements. 	<ul style="list-style-type: none"> Expression of Interest and Public Tender to follow. Aggregated purchasing arrangements that have met public tender requirements.
APPROVAL OF SCOPE / SPECIFICATION	Officer	Officer	Officer	T3 Coordinator / T3 Officer	T2 Coordinator / Officer	T2 Coordinator / Officer	T2 Coordinator / Officer
REPOSITORY FOR PROCUREMENT RECORDS	Not applicable	Not applicable	Service Network Directory	Contracts Network Directory	Contracts Network Directory	Contracts Network Directory	Contracts Network Directory
NOTIFICATION OF OUTCOME / PERIOD	NA	NA	NA	NA	Web site / 1 month	Web site / 3 months	Web site / 6 months
RESPONSIBILITY FOR EVALUATION	Officer	Officer	Officer	Responsible Officer or Responsible Officer and Coordinator / Officer if value assessment used	Responsible Officer or Responsible Officer and T4 Coordinator / Officer	Tender panel	Tender panel
APPROVAL OF PROCUREMENT PROCESS PRIOR TO EXECUTION	Authorised Officer	Authorised Officer	Authorised Officer	Procurement Officer	CEO	CEO	CEO
CONTRACT EXECUTION	Authorised Officer	Authorised Officer	Authorised Officer	Authorised Officer	T3 Coordinator / Officer	Chief Executive Officer	Chief Executive Officer within Delegation Council resolution Signed and sealed by Mayor & Chief Executive Officer
APPROVAL OF VARIATIONS (PERCENTAGE OF PRICE OR CONTRACT AMOUNT)	NA	NA	<10% Officer >10% Coordinator / Officer	<5% T3 Coordinator / T3 Officer 5~15% T2 Coordinator / Officer >15% CEO	<10% T2 Coordinator / Officer >10% CEO Council if budget variation	<10% T2 Coordinator / Officer >10% CEO Council if budget variation	<10% T2 Coordinator / Officer >10% CEO Council if budget variation

Note 1: All amounts exclude GST

Note 2: An Officer or Responsible Officer cannot be the Authorised Officer to the procurement task.

Note 3: T4 refers to Tier 4 etc. as per Appendix 1.

Appendix 4 – Exemptions

The following procurements are either exempt from market engagement and/or the requirement for a Purchase Order. With the Chief Executive's approval, exemptions can be added or removed from this list at any time.

Category	Description	Exempt from Market Engagement	Exempt from Purchase Order
Utilities	Electricity, gas, water and telephone services.	No	Yes
Insurance premiums and claims	WorkCover and other insurances.	No	Yes
Prescribed contracts	Legal services	Yes	No
Payroll expenses	Superannuation and PAYG.	Yes	Yes
GST	Goods and Services Tax payable.	Yes	Yes
Postage	Australia Post.	Yes	Yes
Vehicle registrations	VicRoads vehicle registrations.	Yes	Yes
Councillor expenses	Allowances and Reimbursements.	Yes	Yes
Refundable trust funds	Includes Security Bonds, Contract Retentions and other funds held in trust.	Yes	Yes
Levies	EPA Victoria Levy.	Yes	Yes
	Fire Services Property Levy.	Yes	Yes
Research & Development	Research and Development (R&D) includes activities that Council undertake to innovate and introduce new projects & services. Does not include inputs to the R&D – ie. Technology	Yes	No
Other	Acquisition of Land and Buildings.	Yes	Yes

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Category	Description	Exempt from Market Engagement	Exempt from Purchase Order
	Medical expenses.	Yes	Yes
	Venue hire.	Yes	Yes
	Memberships and subscriptions.	Yes	Yes
	External audit fees – Victorian Auditor-General’s Office.	Yes	No
	HACC service agreement.	Yes	Yes
	Annual community grants.	Yes	Yes
	Professional workshop and conference registration fees and associated costs.	Yes	No
	Loans and investments.	Yes	Yes
	General advertising.	Yes	No
	Recruitment advertising.	Yes	No