



Ararat Rural City

Procurement Policy

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1 OVERVIEW

The Ararat Rural City Council Procurement Policy is made under Section 108 and 109 of the Local Government Act 2020 (the Act). The Act requires each council to:

- Prepare and adopt a procurement policy which specifies the principles, processes and procedures applying in respect of the purchase of goods and services and carrying out of works by the Council; and
- Seek to promote open and fair competition and provide value for money;
- Review its Procurement Policy at least once during each 4-year term of the Council, and
- Describe how the council will seek to collaborate with other Councils and public bodies

1.1 APPLICABILITY

This Policy applies to all contracting and procurement activities at the Ararat Rural City Council and is applicable to Councillors and Council Staff.

It is recognised this will enhance achievement of the Council's objectives such as sustainable and socially responsible procurement, supporting local economies and obtaining Value for Money, 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 also covers the general procurement framework.

The Council must comply with this Procurement Policy before entering into a contract for the purchase of goods or services or the carrying out of works.

1.2 SCOPE & OBJECTIVES

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 undertaking of works.

This Policy is consistent with the requirements of S108(2) of *the Act* and will:

- Seek to promote open and fair competition and provide Value for Money;
- Provide clear guidelines to Council to allow 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 community when procuring goods, services and works.
- Seek to undertake collaborative procurement in accordance with section 3.5.7 of this Policy.

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

- Support the Council's corporate strategies, aims and objectives.
- Span the whole life cycle of an acquisition and take sustainability 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.
- Generate and support Local Business through inclusion wherever practicable.

1.3 TREATMENT OF GST

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

2 LEGISLATIVE AND POLICY COMPLIANCE CONTROL

2.1 ETHICS AND PROBITY

2.1.1 REQUIREMENTS

The Council's procurement activities shall be performed in an open, transparent and ethical manner with demonstrated integrity, fairness and accountability that meets relevant legal requirements.

All tender processes shall be conducted in accordance with the requirements of this Procurement Policy and any associated procedures, relevant legislation, relevant Australian Standards, Commercial Law and S126-131 of the Act.

2.1.2 CONDUCT OF COUNCILLORS AND COUNCIL STAFF

Councillors and Council staff shall at all times undertake procurement activities in ways that are ethical and of the highest integrity, in accordance with the Councillors Code of Conduct or the Staff Code of Conduct. Councillors and Council staff have an overriding responsibility to act impartially and with integrity, avoiding conflicts of interest.

Councillors and Council officers 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.
- Deal with suppliers honestly and impartially.
- Afford suppliers and tenderers with the same information and an equal opportunity to tender or quote for goods, services and works contracts.
- Be accountable for all decisions made and demonstrate and provide evidence of the processes followed.
- Maintain fair, equitable and non-discriminatory procedures for addressing complaints and concerns raised by suppliers or community members regarding Council's procurement activities.
- Query incidents, decisions or directions that appear to contradict or deviate from Council's standards of ethics or probity or established policies and procedures.
- Not perform any outsourced Council services and works.

2.1.3 CONFLICT OF INTEREST

Councillors and Council staff shall at all times avoid situations which may give rise to an actual or perceived conflict of interest. Further, Councillors and staff shall avoid situations in which private interests have a potential to or might be thought to conflict with their Council duties.

A member of Council Staff 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 member of Council Staff 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 Council Staff and their family members.

Councillors and Council staff 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.

2.1.4 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.

Any suspected improper conduct, including but not limited to:

- suspected fraud,
- corruption,
- substantial mismanagement of public resources,
- risk to public health and safety,
- risk to the environment.
- detrimental action,

should be managed in accordance with Council's internal policies and processes.

2.1.5 PROBITY, ACCOUNTABILITY AND TRANSPARENCY

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

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

2.1.6 GIFTS AND HOSPITALITY

No Councillor or member of Council staff 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.

2.1.7 DISCLOSURE OF INFORMATION

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

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

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

Councillors and Council Staff are to avoid references to current or proposed contracts in discussion with acquaintances or outside interests.

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

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

2.1.8 MANAGEMENT OF INFORMATION

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

- Maintaining a register of all public contracts.
- Tender and contract status.
- Approved supplier lists.
- Pre-qualified supplier lists.
- Supplier performance; and

2.2 COMPLAINTS & REPORTING SUSPICIOUS ACTIVITIES

2.2.1 COMPLAINTS HANDLING

Members of the public and suppliers, are encouraged to report known or suspected incidences of improper conduct to the CEO. Councillors and Council Staff will report and manage complaints in accordance with Council's internal fraud and corruption policies and processes.

2.2.2 REPORTING SUSPICIOUS ACTIVITIES

All Councillors, Council Staff and Council suppliers are always required 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 will include 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 internal 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.

2.2.3 DISPUTE RESOLUTION

Where relevant, all Council contracts shall incorporate dispute management and alternative dispute resolution provisions to minimise the chance of disputes escalating to legal action.

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

2.3 GOVERNANCE

2.3.1 STRUCTURE

Council has delegated a range of powers, duties and functions to the CEO in relation to procurement. The delegation aims 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.
- Ensures that changes to this policy and associated procedures are communicated and implemented.

2.3.2 METHODS

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

- Purchase order; following a quotation process from suppliers for goods or services that represent best Value for Money under the quotation thresholds adopted by the Council. An approved purchase order must be created prior to committing expenditure on behalf of Council for the provision of services, goods or works in accordance with the Council's procurement thresholds and guidelines;
- 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.
- Purchase card (i.e. fuel card);
- Credit card;
- Other arrangements authorised by the Council or the CEO on a needs basis as required by abnormal circumstances such as emergencies.

2.3.3 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 Procurement Department 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.

2.3.4 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 staff shall not authorise the expenditure of funds above their financial delegations or split funds to fit within their financial delegation. Council staff 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.

2.3.5 PROCUREMENT THRESHOLDS AND COMPETITION

Wherever it would likely achieve best value, procurements will be arranged under a relevant contractual arrangement established in accordance with section 108 of the Act and this Procurement Policy.

In every procurement activity all practicable efforts will be made to consider the sustainable procurement as listed in Section 4.2

Council will invite offers from the supply market for goods, services and works in accordance with the thresholds listed in Appendix 3

2.3.6 SPLITTING OF QUOTATIONS

Splitting of tenders or quotes to circumvent procurement thresholds is strictly prohibited. All procurement activities must comply with the Ararat Rural City Council policy, ensuring transparency and fairness in the selection process. Any attempt to divide purchases artificially to avoid competitive thresholds will result in the disqualification of the tender or quote.

2.3.7 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 services exempt from tendering.

2.4 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 Procurement Department's responsibility for staff inductions, to 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.

2.5 POLICY REVIEW PROCESS

In accordance with *the Act*, Council will review its Procurement Policy at least once during each four-year term of the Council

3 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.

3.1 PROCUREMENT METHODOLOGY

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

A public tender process must be used for all procurement activities valued at \$150,000 and above (for goods, services or works).

For procurements under \$150,000, the procurement methodology thresholds detailed in [Appendix 3](#) will apply.

3.1.1 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.

3.1.2 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.

3.2 EXEMPTIONS FROM TENDERING

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 6.1 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 6.1, 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.

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.

3.2.1 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.

3.3 CONTRACT VARIATIONS

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

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

3.4 SOLE OR SELECT SOURCING

Council can elect to send tender documents to specific tenderers whom they believe able to respond to the tender **in addition** to those already registered on the e-tendering portal or whom they think may respond to the tender via media. These tenderers will not receive any preferential treatment.

3.5 PUBLIC TENDER REQUIREMENTS

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

Awarding of the Tenders will be published on Council's website and/or eTendering Portal.

3.5.1 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.

3.5.2 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.

3.5.3 TENDER EVALUATIONS

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)

- Compliance Criteria (ABN registration, OHS & Fair Work Act)
- 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.

3.5.4 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 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.

3.5.5 PROBITY ADVISOR

A formal probity plan may be developed, and a probity advisor appointed at the discretion of the CEO in the following circumstances:

- Where the proposed Total Contract Sum exceeds \$5 million over the life of the contract; or
- Where a proposed project is considered to be particularly complex, of a high risk or controversial nature, and/or
- requiring a high level of public confidence.

The probity advisor may be appointed to any tender evaluation panel and may be appointed to oversee the evaluation process.

The role and responsibilities of a Probity Advisor is detailed in the supporting Procurement Guidelines

3.5.6 SHORT LISTING AND NEGOTIATIONS

Council may conduct a shortlisting process during EOI, tender and quotation processes. Shortlisting can be based on any criterion or criteria but only in pursuit of the most advantageous outcome for the Council.

All shortlisted tenderers may be invited by Council to submit a best and final offer in relation to all or certain aspects of their respective tenders. Once a preferred tenderer/s is/are selected, negotiations can be conducted in order to obtain the optimal solution and commercial arrangements, within the original scope and intent of the tender. Probity requirements apply to all negotiations.

3.5.7 COLLABORATIVE PROCUREMENT

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

Council Staff must consider any opportunities for Collaborative Procurement in relation to a procurement process undertaken by Council and document this decision in the Procurement Plan. Any Council report that recommends commencing a procurement process must set out information relating to opportunities for Collaborative Procurement, if available, including:

- The nature of those opportunities, if any, and the councils or public bodies with which they are available; and
- Why Council did, or did not, pursue the identified opportunities for collaboration in relation to that procurement process.

When collaborating with other Councils and/or public bodies, the Council will do so in accordance with Appendix 5.

3.6 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.

3.6.1 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.

3.6.2 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.

3.6.3 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.

3.7 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.
 - A process is in place for escalation, where appropriate, of procurement matters (including procedural non-compliance) to the CEO, the Audit and Risk Committee and Council (where appropriate)

3.8 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.

3.9 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.

3.10 CONTRACT MANAGEMENT

In order to continually improve its procurement and contract management processes and outcomes, Council will review and evaluate its documented procurement processes and Contract Management Guidelines on a regular basis.

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

- Establishing a system monitoring and achieving 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 the Council's risk management framework and relevant Occupational Health and Safety and sustainability requirements.

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

Council awards some contracts that are strategically critical and of relatively high value. Council will provide additional senior oversight to the management of such significant contracts.

4 DEMONSTRATE SUSTAINED VALUE

4.1 ACHIEVING VALUE FOR MONEY

Council's procurement activities will be carried out based on obtaining value for money. This means minimising the total cost of ownership over the lifetime of the asset consistent with acceptable quality, reliability and delivery considerations.

Lowest price is not the sole determinant of Value for Money.

This will be facilitated by:

- Achieving continuous improvement in procurement activity in accordance with the direction set out in the Council's Procurement Strategy.
- 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 existing Council contractual arrangements or Collaborative Procurement 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.
- Council Staff responsible for providing procurement services or assistance within the Council providing competent advice in terms of available products and agreements; and
- Working with suppliers to create relationships that are professional, productive, and are appropriate to the value and importance of the goods, services and works being acquired.

4.2 SUSTAINABLE PROCUREMENT

4.2.1 DEFINITION

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. The United Nations Environment Programme defines sustainable procurement as a

“Process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole of life basis in terms of generating benefits not only the organisation, but also to society and the economy whilst minimising damage to the environment.”

4.2.2 APPLICATION

Sustainability will be embedded in the Council's work. All Council Staff will have a clear and shared understanding about what it means and how they can apply it to their daily tasks. The Council commits to applying the principles of sustainability to all of its decision-making and activities.

Council demonstrates sustainable procurement by:

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

Council commits to:

- Applying specific principles of sustainability to its decision-making and activities; and
- Focusing on specific Economic, Environmental and Social objectives. Appendix 6 sets out Council's commitment to Sustainable Procurement.

4.3 SOCIAL PROCUREMENT

Social procurement involves using procurement processes and purchasing power to generate positive social outcomes in addition to the efficient delivery of goods, services and works. Social Procurement generates positive outcomes by building on initiatives already undertaken by the Council in enhancing sustainable and strategic procurement practices, 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.

4.4 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.

5 BUILD & MAINTAIN SUPPLY RELATIONSHIPS

5.1 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 contracts are delivered.

5.2 SUPPLY MARKET DEVELOPMENT

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).

5.3 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>)

5.4 THIRD PARTY PRIVACY

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

6 PROCUREMENT METHODS

Council procurement processes are based on several principles:

6.1 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.

6.2 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

6.3 PROCUREMENT TYPE

6.3.1 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.

6.3.2 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.

6.3.3 MULTIPLE WRITTEN QUOTATIONS

- 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](#).

6.3.4 SELECT TENDER OR REQUEST FOR QUOTATION

A tender process should be used to provide 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.

6.3.5 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.

6.4 PANELS ARRANGEMENTS – APPROVED SUPPLIERS

An approved supplier is a contractor/company that has been appointed following an public 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 6.1 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 \$15,000 where a Schedule of Rates has been provided under the panel's terms. For procurements greater than \$15,000 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.

For the 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.

6.4.1 PANEL ARRANGEMENTS – APPROVED SUPPLIERS – ADMINISTRATION

Approved suppliers will be appointed following a formal public 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.

6.5 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.

7 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).

8 REFERENCES & ASSOCIATED DOCUMENTS

This Policy has clear linkages to a range of codes, charters, legislation and Council documents, including but not limited to:

- 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)
 - *Environment Protection Act 1970*
 - *Environmental Protection Act 2017 (Vic).*
 - *Goods Act 1958,*
 - *Fair Work Act 2009,*
 - *Working with Children Act 2005,*
 - *Working with Children Regulations 2016*
 - *Privacy and Data Protection Act 2014*
-
- Procurement Procedures and Guidelines
 - Staff Code of Conduct
 - Councillor Code of Conduct
 - Performance Management Employee Discipline Policy
 - Risk Management Policy
 - Risk Management Framework
 - Fraud & Corruption Policy
 - 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

9 APPENDICIES

9.1 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 Coordinators & Officers	\$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	\$10,000	Within approved budget as delegated by CEO.

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

9.2 APPENDIX 2: EVALUATION PANEL

PROCUREMENT VALUE	METHOD	EVALUATION PANEL
< \$15000	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)

- 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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9.3 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 - \$150,000	\$30,000 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 of 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	<ul style="list-style-type: none"> Officer 	<ul style="list-style-type: none"> Officer 	<ul style="list-style-type: none"> Officer 	<ul style="list-style-type: none"> T3 Coordinator / T3 Officer 	<ul style="list-style-type: none"> T2 Coordinator / Officer 	<ul style="list-style-type: none"> T2 Coordinator / Officer 	<ul style="list-style-type: none"> T2 Coordinator / Officer
REPOSITORY FOR PROCUREMENT RECORDS	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Service Network Directory 	<ul style="list-style-type: none"> Contracts Network Directory 	<ul style="list-style-type: none"> Contracts Network Directory 	<ul style="list-style-type: none"> Contracts Network Directory 	<ul style="list-style-type: none"> Contracts Network Directory
NOTIFICATION OF OUTCOME / PERIOD	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> Web site / 1 month 	<ul style="list-style-type: none"> Web site / 3 months 	<ul style="list-style-type: none"> Web site / 6 months
RESPONSIBILITY FOR EVALUATION	<ul style="list-style-type: none"> Officer 	<ul style="list-style-type: none"> Officer 	<ul style="list-style-type: none"> Officer 	<ul style="list-style-type: none"> Responsible Officer or Responsible Officer and Coordinator / Officer if value assessment used 	<ul style="list-style-type: none"> Responsible Officer or Responsible Officer and T4 Coordinator / Officer 	<ul style="list-style-type: none"> Tender panel 	<ul style="list-style-type: none"> Tender panel
APPROVAL OF PROCUREMENT PROCESS PRIOR TO EXECUTION	<ul style="list-style-type: none"> Authorised Officer 	<ul style="list-style-type: none"> Authorised Officer 	<ul style="list-style-type: none"> Authorised Officer 	<ul style="list-style-type: none"> Procurement Officer 	<ul style="list-style-type: none"> CEO 	<ul style="list-style-type: none"> CEO 	<ul style="list-style-type: none"> CEO
CONTRACT EXECUTION	<ul style="list-style-type: none"> Authorised Officer 	<ul style="list-style-type: none"> Authorised Officer 	<ul style="list-style-type: none"> Authorised Officer 	<ul style="list-style-type: none"> Authorised Officer 	<ul style="list-style-type: none"> Chief Executive Officer 	<ul style="list-style-type: none"> Chief Executive Officer 	<ul style="list-style-type: none"> Chief Executive Officer within Delegation Council resolution Signed and sealed by Mayor & Chief Executive Officer
APPROVAL OF VARIATIONS (PERCENTAGE OF PRICE OR CONTRACT AMOUNT)	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> <10% Officer >10% Coordinator / Officer 	<ul style="list-style-type: none"> <5% T3 Coordinator / T3 Officer 5~15% T2 Coordinator / Officer >15% CEO 	<ul style="list-style-type: none"> <10% T2 Coordinator / Officer >10% CEO Council if budget variation 	<ul style="list-style-type: none"> <10% T2 Coordinator / Officer >10% CEO Council if budget variation 	<ul style="list-style-type: none"> <10% T2 Coordinator / Officer >10% CEO Council if budget variation

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.

9.4 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.	Yes	No

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Category	Description	Exempt from Market Engagement	Exempt from Purchase Order
	Does not include inputs to the R&D – ie. Technology		
Other	Acquisition of Land and Buildings.	Yes	Yes
	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
	Cultural Procurement	Yes	No
	IT Software (subscriptions)	Yes	Yes

9.5 APPENDIX 5 – COLLABORATIVE TENDERING

The following framework was developed by the SWRPEN as guiding principles for member Councils

Council Officers will seek to use Collaborative Procurement Arrangements with third parties when procuring Goods, Services and Works in order to take advantage of economies of scale in accordance with section 108(3)(c) of the Act. When a report for a procurement is presented to Council for approval, it will include information relating to any collaborative arrangement opportunities that were explored as part of the procurement process.

When collaborating with other Councils, the Council will do so in accordance with the following:

- a) working with other SWRPEN Councils to develop a consolidated contract register to identify joint procurement projects on an annual basis;
- b) Council Officers must actively consider all contracts to determine if the procurement would benefit from expertise, economies of scale or other strategic benefits to Council (other than projects that are unique to an individual Council (e.g. unique construction or works projects)) must be included in the consolidated contract register for collaboration consideration;
- c) other contracts which, due to the subject matter, nature or scope, are likely to deliver operational efficiencies if procured in collaboration with the other Councils, must be included in the consolidated contract register for consideration as a possible joint procurement opportunity;
- d) Council Officers commit to regularly reviewing the contracts register to determine whether collaborative procurement should be considered;
- e) where collaborative procurement is to be pursued:
 - i. a pre-market approval submission will be submitted to each Council prior to commitment to collaboration, seeking delegation of contract approval to the appropriate Council Officer of that Council;
 - ii. the participating Councils will establish a *Heads of Agreement* that gives authority for a lead council to act as each Council's agent in the Collaborative Procurement Arrangements;
 - iii. each of the Councils who participate will be able to enter into a contract with the preferred supplier identified through the collaborative procurement process, or may choose as a group to enter into a contract using "jump in/opt-in" contract provisions during the contract term, or with the Council which conducted the relevant procurement;
 - iv. each participating Council must be involved in:
 - I. the initial decision to undertake the Collaborative Procurement Arrangement;
 - II. preparation of, and agreement to, the specifications;
 - III. ensuring probity for the Collaborative Procurement Arrangement; and
 - IV. the acceptance of tender(s) and awarding of contract(s); and
 - v. when considering the evaluation criteria for a particular Collaborative Procurement Arrangement each participating Council will prioritise Value for Money for the collaborating Council's in addition to its usual Procurement Policy to ensure alignment can be achieved between Council's for the evaluation criteria.

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Furthermore, Council may collaborate with other Councils or other bodies such as MAV Procurement or Procurement Australasia to procure Goods, Services or Works, or utilise existing Collaborative Procurement Arrangements established through a public tender process where it provides an advantageous, Value for Money outcome for the Council.

Any Federal or State Government grant funded projects may be excluded from Collaborative Procurement Arrangements.

9.6 APPENDIX 6 – SUSTAINABLE PROCUREMENT

Ararat Rural City Council commits to applying the principles of sustainable procurement by addressing the three key areas of Economic, Environmental and Social Impact.

ECONOMIC

Council commits to procurement that supports local business and economic diversity within the region.

Where practicable, Council will give preference for the purchase of goods, machinery or material manufactured or produced in Australia.

Council also considers the economic benefits of securing goods and services from local/regional suppliers where such spend may be justified as demonstrating Value for Money and its impact on the local economy.

Council is committed to buying from local businesses, whilst remaining compliant with the Competition and Consumer Act 2010 and other fair trading legislation requirements.

Expenditure retained in the region may contribute to the local economy's sustainability through:

- increasing local employment
- increasing business activity within the region
- building relationships and helping them to increase their capacity, and
- fostering innovative and emerging sectors.

ENVIRONMENTAL

Council seeks to reduce the impact on our environment through:

- increasing the use of recycled content when purchasing goods or materials, where practical
- encouraging the diversion of waste materials from landfill through renewal/upgrading or converting to recycled materials
- encouraging the purchase of repairable items in the procurement of goods, and
- Incentivising the use of recovered materials where possible.

SOCIAL

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.

For Local Government, social procurement builds on initiatives already undertaken by the sector in enhancing sustainable and strategic procurement practice, enabling procurement to effectively contribute to building stronger communities. Social procurement is a key mechanism by which to generate wider social benefits by providing a mechanism for linking and integrating social and economic agendas.

Council supports social procurement when engaging suppliers, contractors and/or service providers.

Consideration will be given to procurement that supports disadvantaged or minority groups within the community.

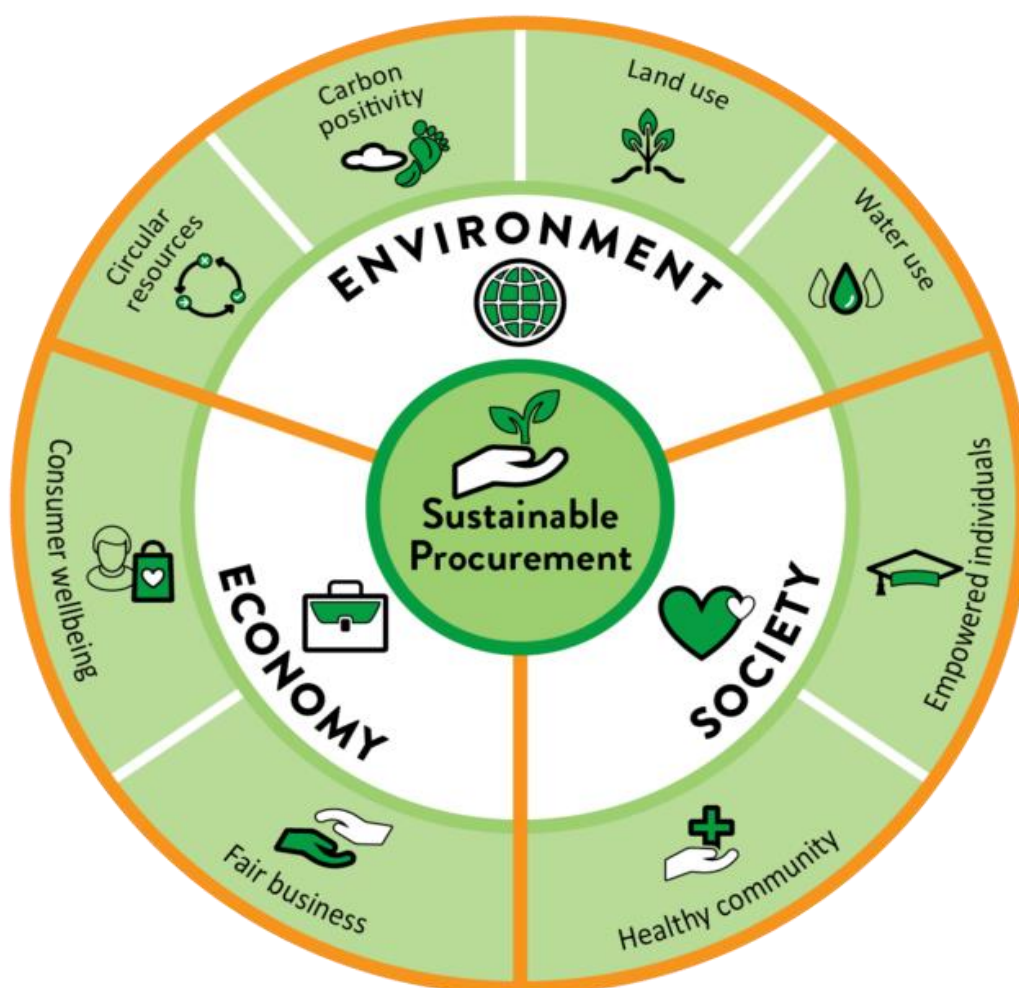
DEMONSTRATION OF COMMITMENT TO SUSTAINABLE PROCUREMENT

Council demonstrates its commitment to sustainable procurement by:

Actively seeking quotations from **local** suppliers (where a local supplier exists) when procurement activities require a request for quotation.

Preferencing local suppliers where a quotation has been sought and the price difference is within 10%.

Applying a flexible non-price evaluation criteria that supports economic, social and environment outcome on all tender opportunities.



9.7 APPENDIX 7 - 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.
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.

Procurement Policy



Ararat Rural City

Probity	<p>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."</p> <p>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.</p>
Procurement	<p>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.</p>
Public Tender	<p>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.</p>
Request for Quotation	<p>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.</p>
Responsible Officer	<p>Any Council staff member who is responsible for a service or project for which procurement is being undertaken.</p>
Select Tender	<p>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.</p>
Standing Offer Arrangements	<p>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</p>
Supply	<p>Goods, services or works that have been procured from another entity.</p>
Sustainability	<p>Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.</p>
Tender Process	<p>The process of inviting parties to submit a quotation or tender, followed by evaluation of submissions and selection of a successful bidder or tenderer.</p>