



# PROCUREMENT POLICY

|                                    |                           |
|------------------------------------|---------------------------|
| <b>Policy type</b>                 | Council                   |
| <b>Adopted by</b>                  | Moirá Shire Council       |
| <b>Responsible General Manager</b> | General Manager Corporate |
| <b>Responsible officer</b>         | Manager Governance & Risk |
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## 1. DEFINITIONS AND ABBREVIATIONS

|                                     |   |
|-------------------------------------|---|
| <b>Best Value</b>                   | Decisions made in regard to the supply of goods, services and works will take into account both cost and non-cost factors including: <ol style="list-style-type: none"> <li>1. Contribution to the advancement of the Council's priorities;</li> <li>2. Fit for purpose, quality, service and support; and</li> <li>3. Whole-of-life costs and transaction costs.</li> </ol>  |
| <b>CEO</b>                          | Chief Executive Officer.  |
| <b>Commercial in Confidence</b>     | Information that, if released, may prejudice the business dealings of a party e.g., prices, discounts, rebates, profits, methodologies and process information.   |
| <b>Council</b>                      | Moira Shire Council.  |
| <b>Council Staff</b>                | Direct employees of Moira Shire Council.  |
| <b>Employees</b>                    | Includes full-time, part-time and temporary staff, contractors and consultants while engaged by the Council.  |
| <b>Environmentally Sustainable</b>  | Activities that conserve natural resources and protect global ecosystems to support health and wellbeing, now and in the future.  |
| <b>Expression of Interest (EOI)</b> | An invitation for persons to lodge a submission for the provision of the Goods and/or Services generally set out in the overview of requirements contained in the document. This Invitation is not an offer or a contract.  |
| <b>Green Suppliers</b>              | Suppliers who can demonstrate they supply low environmental impact products or services, and have sustainable methods of production / service.  |
| <b>Local business</b>               | Business located within the municipal district of Moira and for a joint tender, within the municipal districts of the participating Councils.   |
| <b>MAV</b>                          | Municipal Association of Victoria.  |
| <b>OH&amp;S</b>                     | Occupational Health & Safety.   |
| <b>Panel Contract</b>               | A standing offer agreement where multiple contractors are appointed to a panel of suppliers, rather than an agreement with just one supplier.   |
| <b>Probity</b>                      | Within Local 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 need to consider the legitimate interests of suppliers and ensure that all potential suppliers are treated equitably. |

|  |  |
|--|--|
| <b>Procurement</b>                           | Procurement is the whole process of acquisition of external goods, services and works.   |
| <b>Relatives or Close Associates include</b> | Family members - spouse or domestic partner, parent, grandparent, sibling, child, grandchild, step-parent, step-sibling or step-child or any other relative that regularly resides with the relevant person Business partners, Close friends   |
| <b>Social Procurement</b>                    | Social Procurement uses Procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works.  |
| <b>Standing offer agreement</b>              | The agreement with a supplier or contractor to provide Council with specific goods or services as nominated in the contract and the contract is for a fixed period. There is no obligation on Council to purchase any goods or services, however if purchases are made under the contract, the terms and conditions of the contract applies.   |
| <b>Sustainability</b>                        | The ability to meet the needs of the present without compromising the ability to meet the needs in the future.   |
| <b>Tender Process</b>                        | The process of inviting parties to submit a quotation by tender using public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.  |
| <b>The Act</b>                               | The <i>Local Government Act 2020</i> .   |
| <b>Value for Money</b>                       | Value for money in Procurement is about selecting the supply of goods, services and works considering both cost and non-cost factors including: <ul style="list-style-type: none"> <li>- contribution to the advancement of the Council's priorities;</li> <li>- fit for purpose; quality; service; support; and</li> <li>- cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, and maintaining along with end-of-life costs associated with goods, services or works</li> </ul> |

## 2. PROCUREMENT POLICY

### 2.1 Purpose

The purpose of this Policy is to provide a framework and guidance to the procurement processes undertaken by, or on behalf of, Council in accordance with Section 108 of the *Local Government Act 2020* (“the Act”).

The Act requires councils to prepare, approve and comply with a Procurement Policy encompassing the principles, processes and procedures applied to all purchases of goods services and works by the Council.

### 2.2 Scope

This Policy applies to all purchases, tenders and contracts made by Council.

It is binding upon Council employees and all who may undertake procurement on behalf of Council, including Councillors, Committees of Management and volunteers.

### 2.3 Objective

The objective of this Policy is to ensure that Council’s procurement principles, policies, processes and procedures are consistent with the requirement of Section 108 (2) of the Act and achieve the following outcomes:

- a) Provide value for money, innovation and continuous improvement in the provision of services for the community;
- b) A strategic approach to procurement planning, implementation and evaluation;
- c) Enabling sustainable outcomes including economic, environmental and social sustainability;
- d) Efficient and effective use of Council resources;
- e) Utilising collaboration and partnership opportunities;
- f) High standards of probity, transparency, accountability and risk management;
- g) Compliance with legislation, the Moira Shire Council Plan objectives, Council’s policies and industry standards; and
- h) Promote open and fair competition.

### 2.4 Policy Principles and Application

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

- a) value for money;
- b) open and fair competition;
- c) accountability;
- d) risk management;
- e) probity and transparency.

The application of this Policy to all procurement processes should take into consideration the overall context of achieving best value for money outcomes for Council, the community and the local region.

### 2.5 Treatment of GST

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

## 3. ETHICS AND PROBITY

Councillors, employees and all other persons engaged in procurement activities on Council's behalf must exercise the highest standards of integrity in a manner able to withstand close scrutiny.

All employees have an overriding responsibility to act impartially and with integrity, avoiding conflicts of interest.

### 3.1 Conduct of Council Employees

In procurement matters Council employees must at all times conduct themselves in ways that are and are seen to be, ethical and of the highest integrity and must:

- a) act in accordance with the Employee Code of Conduct;
- b) treat potential and existing suppliers with equality and fairness;
- c) not seek or receive personal gain;
- d) maintain confidentiality of Commercial-in-Confidence matters and information such as tender and contract prices and other sensitive information;
- e) present the highest standards of professionalism and probity;
- f) deal with suppliers in an honest and impartial manner that does not allow conflicts of interest;
- g) be able to account for all decisions and provide feedback on them;
- h) deal with suppliers in an honest and impartial manner that does not allow conflicts of interest;
- i) remain neutral prior to all decisions, and
- j) avoid approaching and liaising with prospective tenderers and contractors.

Council employees responsible for managing or supervising contracts are prohibited from either being engaged by a Council contractor or performing any works under the contract they are supervising.

### 3.2 Conduct of Councillors

In procurement matters Councillors must at all times conduct themselves in ways that are and are seen to be, ethical and of the highest integrity and must:

- a) comply with the Councillor Code of Conduct and the Standards of Conduct as defined in Schedule 1 of the *Local Government (Governance and Integrity) Regulations 2020*;
- b) avoid conflicts between their public duties as a Councillor and their personal interests and obligations (Section 123 of the Act).
- c) not improperly direct or improperly influence a member of Council staff in the exercise of any power in the performance of any duty or function (section 124 of the Act);

### 3.3 Volunteers, Members of Committees, Consultants and Agents

In procurement matters, volunteers, members of Council committees, consultants and agents of Council must at all times conduct themselves in ways that are and are seen to be, ethical and of the highest integrity and must:

- a) Disclose any conflict of interest, and
- b) Complete a Conflict of Interest Declaration and a Confidentiality Agreement before assisting or evaluating quotations or tenders.

### 3.4 Fair and Honest Dealings

All prospective Contractors and suppliers must be afforded an equal opportunity to tender or quote.

Impartiality must be maintained throughout the procurement process so it can withstand public scrutiny.

The commercial interests of existing and potential suppliers must be protected.

Confidentiality of information provided by existing and prospective suppliers must be maintained at all times, particularly commercially sensitive material such as, but not limited to prices, discounts, rebates, profit, manufacturing and product information.

### 3.5 Conflict of Interest

Councillors and Council employees shall at all times avoid situations in which private interests conflict, or might reasonably be thought to conflict, or have the potential to conflict, with their Council duties.

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

- **Avoid** conflicts, whether general or material, arising between their official duties and their private interests. Private interests include the financial and other interests of Councillors and Council Staff, plus their relatives and close associates
- **Declare** that there is no conflict of interest. Where future conflicts, or relevant private interests arise, Council Staff must make their manager, or the chairperson of the relevant tender assessment panel or board aware and allow them to decide whether the officer should continue to be involved in the specific Procurement exercise.
- **Observe** prevailing Council, Victorian Government Purchase Board (VPGP) and e-hub 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.

### 3.6 Gifts, Benefits and Hospitality

Councillors or employees may be offered a gift or benefit in the course of their work. This gift or benefit could be offered in good faith, or it could be an attempt to influence, bribe or compromise the Councillor's or Council staff member's ability to act in the public interest.

All gifts and benefits offered or received must be dealt with in accordance with Councils Gift, Benefit and Hospitality Policy & Procedure.

### 3.7 Endorsement

Councillors and employees must not endorse the products or service of any contractors or suppliers. Any requests for endorsement must be referred to the relevant General Manager or CEO.



### 3.8 Disclosure of Information

Information received by the Council that is Commercial in Confidence must not be disclosed and is to be stored in a secure location. Councillors and Council employees are to protect this information, by refusing to release or discuss information to the extent that it is Commercial- in-Confidence.

This may include:

- a) information disclosed by organisations in tenders, quotations or during tender negotiations; or
- b) pre - contract information including but not limited to information provided in tenders and quotes or subsequently provided in pre-contract negotiations.

Councillors and Council employees are to avoid references to current or proposed contracts in discussion with acquaintances or outside interests. Discussion with potential suppliers during tender evaluations must not go beyond the extent necessary to evaluate tender submissions.

Discussions must not be entered into with any tendering party or its representative or agent who could have potential contractual implications prior to the contract approval process being finalised, other than pre-contract negotiations.

### 3.9 Accountability and Transparency

Accountability in procurement means being able to explain and provide evidence on the process followed. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

Accountability is evidenced by:

- Clear lines of delegated authority
- Responsible financial management
- Internal controls
- Post contract audit of the Contractor's performance
- Disclosure of procurement policy
- Reporting of non-compliance

## 4. GOVERNANCE

Council shall:

- establish a procurement management responsibility structure and delegations ensuring accountability, traceability and auditability of all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council;
- ensure that the Councils' procurement structure:
  - is flexible enough to purchase in a timely manner the diverse range of material, goods, works and services required by Council;
  - ensures that prospective contractors and suppliers are afforded an equal opportunity to tender/quote;
  - encourages competition.

### 4.1 Standards

The Council's procurement activities shall be carried out to the professional standards required by best practice and in compliance with:

- the Act;

- Council policies;
- the Employee Code of Conduct;
- The Councillor Code of Conduct;
- Local Government Procurement Best Practice Guidelines;
- Other relevant legislative requirements such as but not limited to the *Competition and Consumer Act 2020 (Commonwealth)*, *Goods Act 1958* and the *Environmental Protection Act 2017*.

## 4.2 Responsible Financial Management

The principle of responsible financial management shall be applied to all procurement activities.

Accordingly, to give effect to this principle, the availability of existing funds within an approved budget, or source of funds, shall be established prior to the commencement of any procurement action for the supply of goods, services or works.

Council employees must not authorise the expenditure of funds in excess of their financial delegations.

Council employees must not disclose allocated tender budgets to suppliers.

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

## 4.3 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 employees will report and manage complaints in accordance with Council's internal policies and processes.

## 4.4 Reporting Suspicious Activities

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

Council will take all reasonable steps to protect those who assist Council by providing information about suspected fraud. This 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 Public Interest Disclosure Policy and other relevant 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*.

## 5. PROCUREMENT METHODS, THRESHOLDS AND REQUIREMENTS

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 considerations as listed in Section 8.

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

### 5.1 Procurement Methods

The Council's standard methods for procuring goods, services and works shall be by any of the following:

- Petty Cash;
- Purchase Cards;
- Purchase order following a quotation process from suppliers for goods or services that represent best Value for Money under the procurement 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 a quotation or tender process;
- Using Collaborative Procurement Arrangements.

unless other arrangements are authorised by Council or under appropriate delegated authority on an 'as needs' basis as required by abnormal circumstances such as emergencies.

### 5.2 Contract Thresholds

The Act requires Council to nominate a contract value above which the Council must invite a tender or seek an EOI. Council's nominated threshold value is \$350,000.

For procurement activities less than \$350,000, the procurement methodology and thresholds in Appendix A will apply.

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

### 5.3 Tenders

Procurements with an estimated expenditure of \$350,000 or more, must be undertaken by tender unless a valid exemption is in place as per 5.4 - Exemptions from Tendering.

The tender thresholds shall apply for a period of no less than two financial years.

Should Council consider that the characteristics of the market would lead to a better result for Council, public tenders may be called where the estimated expenditure is less than \$350,000.

## 5.4 Exemptions from Tendering

|    | Exemption Name   | Explanation, limitations, responsibilities and approvals  |
|----|--|---|
| 1. | Genuine emergency or hardship                            | <ul style="list-style-type: none"> <li>Where the Council has resolved that the contract must be entered into because of an emergency (e.g. to provide immediate response to a natural disaster, declared emergency, etc.)</li> </ul>  |
| 2. | Collaborative Engagement                                 | <ul style="list-style-type: none"> <li>This general exemption allows engagements:                             <ul style="list-style-type: none"> <li>With another government entity or government owned entity. For example, Federal, State or Local Government or an entity owned by the Federal, State or Local Government; and/or</li> <li>In reliance on contracts and arrangements established by another government entity, local authority or local government group purchasing scheme, Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement Australia (PA).</li> </ul> </li> </ul> |
| 3. | Extension of contracts while Council is at market        | <ul style="list-style-type: none"> <li>Allows Council to extend an existing contract where the procurement process to replace the contract has commenced, and where the tender process or negotiations will take or are taking longer than expected.</li> <li>This exemption may be used when the establishment of an interim short-term arrangement with an alternative supplier is considered not to be in the public interest, as it may be cost prohibitive and/or present a risk in the delivery of critical public services to the municipality</li> </ul>  |
| 4. | Professional services unsuitable for tendering           | <ul style="list-style-type: none"> <li>Legal Services.</li> <li>Insurances only limited to public liability, professional indemnity and product liability taken out by the council from MAV.</li> </ul>   |
| 5. | Novated Contracts  | <ul style="list-style-type: none"> <li>Where the initial contract was entered into in compliance with <i>the Act</i> and due diligence has been undertaken in respect to the new party.</li> </ul>  |
| 6. | Information technology resellers and software developers | <ul style="list-style-type: none"> <li>Allows Council to renew software licenses and maintenance and support, or upgrade existing systems, where there is only one supplier of the software who holds the intellectual property rights to the software.</li> </ul>  |

## 5.5 Publishing and Advertising of Public Tenders

All public tenders will be published via Council's eTendering Portal. The tenders will be advertised in the local newspaper and the council's social media platforms. The tenders will be kept open for a minimum of 21 days to allow tenderers sufficient time to prepare and submit tenders. The time may be extended depending on the complexity of the tender response sought. Information regarding current tenders will be placed on Council's website.

## 5.6 Tender Evaluation

A Tender Evaluation Panel will be established to evaluate each tender submission against the tender's selection criteria. Tender evaluation panels can include external personnel in order to ensure the best outcome for a procurement activity and must comprise of at least 3 persons as well as a moderator. (Public tenders require 3 persons).

A detailed Tender Evaluation Plan shall be developed and approved. Amongst other things, this involves the establishment of detailed evaluation criteria and the application of a pre-approved and robust weighted scoring system. The Tender Evaluation Plan should be completed and signed off prior to the tender or quotation being issued.

## 5.7 Evaluation Criteria

The Council may include the following evaluation criteria categories to determine whether a proposed contract provides Value for Money:

- Mandatory Compliance criteria (e.g. ABN registration, OH&S, Fair Work Act);
- Tendered price;
- Capacity of the Tenderer to provide the goods and/or services and/or works;
- Capability of the Tenderer to provide the goods and/or services and/or works;
- Demonstration of sustainability;
- Contribution to the local Economy;
- Evidence of below social procurement activities (for tenders over certain thresholds and large scale companies).
  - Supporting Social Enterprises, Australian Disability Enterprises & Aboriginal businesses,
  - Supporting Businesses which focuses on practices such as Gender Equity, Ethical Sourcing, Fair & safe workplace and Family violence care.

## 5.8 Contract Terms

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

Where this is not possible, approval must be obtained from the appropriate employee of Council listed in the Council Delegations.

To protect the best interests of the Council, terms and conditions must be settled in advance of any commitment being made with a supplier. Any exceptions to doing this expose the Council to risk and thus must be authorised by the appropriate employee of Council listed in the Council Delegations.

## 5.9 Collaborative Procurement

Under Section 108 of the Act, Council will seek to collaborate with other Councils and public bodies in its procurements to take advantage of economies of scale.

Under Section 109 of the Act the CEO must ensure any Council report that recommends entering into a procurement arrangement, sets out information relating to opportunities for collaborative procurement, 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 with that procurement process.

Council staff must consider any opportunities for collaborative procurement in relation to a procurement process undertaken by Council.

When collaborating with other councils and public bodies, Council will do so in accordance with the following:

- Prospective contracts with a value of \$350,000 or greater for supply of goods, services or works will be shared with councils in the Hume Region for collaboration consideration. The list of prospective contracts will be shared annually in advance of the next budget year;
- Prospective contracts with a value of less than \$350,000 can be referred to the councils in the Hume Region for collaboration consideration where operational efficiencies are anticipated to be achieved;
- A Heads of Agreement will be established should a collaborative procurement opportunity exist with two or more Hume Region councils. The Heads of Agreement will give authority for the Lead Council to act as Procuring Agent for participating councils. Each of the participating councils will be able to enter into a contract with the preferred service provider identified through the collaborative procurement process. Alternatively, a Joinder Agreement will allow one or more of the Hume Region councils to join an existing contract – this may be beneficial where there are different contract periods or decision making and authorisation processes of councils in the Hume Region;
- Each participating council must be involved in:
  - the initial decision to undertake the procurement (unless subsequently joining an existing contract under a Joinder Agreement);
  - preparation of, and agreement to, the specifications;
  - ensuring probity for the procurement; and
  - deciding which tenders to accept or reject.

## 6. DELEGATION AUTHORITY

Delegations define the limitations within which Council employees are permitted to work. Delegation of procurement authority allows specified Council employees to approve certain purchases, quotation, tender and contractual processes without prior referral to the Council. This enables the Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

### 6.1 Council Employees

The Council shall maintain a documented scheme of procurement delegations, identifying the Council employees authorised to make such procurement commitments in respect of goods, services and works on behalf of the Council and their respective delegations contained in Financial Delegations policies

- Acceptance of tenders
- Acceptance of quotes
- Contract term extensions
- Contract amendment (non-financial)
- Contract amendment (financial)
- Appointment to register of pre-qualified suppliers

### 6.2 Delegation Reserved for the Council

Commitments and processes which exceed the CEO's delegation and which must be approved by the Council are:

- Tender recommendations and Contract approval for all expenditure more than \$350,000 in value.
- Variations and contract term extensions more than \$350,000 in value where authority hasn't been given to the CEO to act.

## 7. INTERNAL CONTROL AND RISK MANAGEMENT

### 7.1 Internal Control

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

- more than one person is involved in and responsible for a transaction end to end;
- transparency in the procurement process;
- a clearly documented audit trail exists for procurement activities;
- appropriate authorisations are obtained and documented; and
- systems are in place for appropriate monitoring and performance measurement.

### 7.2 Risk Management

Risk management is to be appropriately applied at all stages of procurement activities ensuring sufficient planning is carried out in a manner that will protect and enhance the Council's capability to prevent, withstand and recover from interruption to the supply of goods, services and works.

In addition to this Policy, all procurements are to be conducted with regard to Council's risk framework as detailed in the *Risk Management Policy*.

## 7.3 Contract Management

The purpose of contract management is to ensure that the Council, and where applicable its clients, receive the goods, services or works provided to the required standards of quality and quantity as intended by the contract by:

- establishing a system monitoring and achieving the responsibilities and obligations of both parties' under the contract; and
- providing a means for the early recognition of issues and performance problems and the identification of solutions.
- adhering to Council's Risk Management Framework and adhering to relevant Occupational Health and Safety Contractor Compliance Procedures.

All Council contracts are to include contract management requirements. Furthermore, contracts are to be proactively managed by a Council employee responsible for the delivery of the contracted goods, services or works to ensure the Council receives Value for Money.

## 7.4 Dispute Resolution

All council contracts must incorporate dispute management and alternative dispute resolution provisions to minimise or avoid protracted disputes and litigation.

# 8. DEMONSTRATE SUSTAINED VALUE

Council's procurement decisions and initiatives will be based on clear and transparent evidence and informed economic, environmental and social considerations. Therefore, to achieve sustainable procurement, Council will adopt a triple-bottom-line approach by considering economic, environmental and social sustainability.

## 8.1 Environmental Sustainability

Council is committed to enhancing the environment by supporting the principles of environmentally sustainable procurement within the principles of best value. The Council aims to achieve this by:

- a) taking into account the need to minimise emissions and reducing the negative impacts of transportation when procuring goods, services and works;
- b) taking steps to minimise carbon dioxide and other greenhouse gas emissions through the detailed consideration of products, services and works procured;
- c) considering the environmental credibility of tenders and requiring contractors to conduct their operations in an environmentally sensitive manner;
- d) selecting products, services and works that have minimal effect on the depletion of natural resources and biodiversity;
- e) giving a preference to goods and services that have been ethically sourced and produced;
- f) ensuring all relevant tender and contract documents contain sustainability specifications as appropriate to the product or service being procured; and
- g) applying an Environment and Sustainability criteria and weighting to any tender that meets points (a) to (f) to encourage the purchase of environmentally sustainable products.



## 8.2 Economic Sustainability

Council's procurement activities will be carried out on the basis of obtaining value for money. This means minimising the total cost of ownership over the lifetime of the requirement, including disposal and end of life costs, consistent with acceptable quality, reliability and delivery considerations. Lowest purchase price is not the sole determinate of value for money.

### 8.2.1 Support of Local Business

Council is committed to buying from local businesses where such purchases are justified on Best Value grounds, while remaining compliant with the Federal Government's *Competition and Consumer Act 2010* and other fair trading legislation requirements.

Council may give preference to local economic benefit when sourcing products and services. When this criterion is nominated the benefit must be identifiable and reasonable and could include:

- increased or maintained local employment levels.
- increased or maintained local production levels or spend in the local economy
- increased amount of local content in the goods, services and works.

To encourage procurement from local businesses:

- a) council officers must seek at least one quotation from a local supplier, if available;
- b) for all publically advertised tenders over the tender threshold, a benefit to the local region will be considered and a weighting percentage of 10% will be assigned to the criteria element of 'Contribution to the Local Economy'. Council will examine where the business has its head office, the percentage of staff employed, percentage of materials, plant and equipment used and what impact the business offers the local economic community.

Local is defined as within the municipal district and for a joint tender, within the municipal districts of the participating Councils.

## 8.3 Social Sustainability

Council is committed to building stronger communities and meeting social objectives which benefit the municipality and commits to integration of measures in its procurement processes and documentation which promote improved social outcomes.

Council's sustainable procurement will be underpinned by the following principles:

- A thorough understanding of the socio-economic issues affecting the community;
- Creation of training and employment opportunities for unemployed or disadvantaged residents and ratepayers in Council's municipality, and marginalised job seekers in Council's municipality, to address local socio-economic issues;
- Promotion of equity, diversity and equal opportunity; and
- Respect for human rights, the rule of law and international norms of behaviour.

## 9. BUILD AND MAINTAIN SUPPLY RELATIONSHIPS

Council recognises that in order to achieve sustainable value, a strategic assessment of the appropriate 'channel 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 supply arrangements that deliver the best value outcomes in terms of time, expertise, cost, value and outcome.

### 9.1 Developing and Managing Suppliers

Developing and managing suppliers is essential to achieving a competitive market capable of delivering the Council's services and works requirements.

Council needs to interact with the market and our suppliers in particular to understand their views and what enables and encourages diverse parts of the market to bid for work with the Council. At the same time Council will ensure that our relationship with strategic suppliers is mutually productive and that goals are shared. Council aims to develop a relationship with suppliers that creates mutually advantageous, flexible and long term relations based on the quality of performance and financial savings.

Council may establish Panel arrangements where rates contracts for goods, services or works are appointed to facilitate aggregated spends under contract. Subsequently quotes to appoint from the Panel on job-by-job basis promotes competition and value for money.

### 9.2 Supply Market Development

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

- Local businesses
- Green suppliers
- Small to medium sized enterprises
- Social enterprises
- Ethnic and minority business
- Voluntary and community organisations

### 9.3 Contractors and Their Staff

All contractors and their employees working with Council must:

- a) comply with obligations under *Occupational Health and Safety Act 2004*, Regulations, Codes of Practice, Safety Standards and contract specific requirements;
- b) demonstrate effective safety management capabilities;
- c) identify and manage risks effectively;
- d) consult with the relevant Council representative in relation to work health and safety duties and obligations to determine how OHS responsibilities will be managed;
- e) comply with requirements for qualifications, licences and registration;
- f) comply with the Council safety procedures implemented to protect workers' health and safety;
- g) report all incidents that have or could have, affected a person's health and safety; and
- h) provide sufficient information to allow performance to be monitored.

## 10. POLICY REVIEW PROCESS & REVIEW HISTORY

In accordance with the Act, Council must review and approve the Procurement Policy, at least once in each 4 year term of Council. Any change or update which materially impacts and/or alters this policy must be approved by Council.

| <b>Review History</b> |             |   |                             |
|-----------------------|-------------|---|-----------------------------|
| <b>Approved by:</b>   | <b>Date</b> | <b>Review Details</b>   | <b>Author</b>               |
| Council               | 22 Nov 2017 | Procurement Policy – version 1 22/11/2017 adopted by Council. | Manager Commercial Services |
| CMT                   | 22 Jan 2019 | Review conducted to version 1 no amendments.                  | Manager Commercial Services |
| CMT                   | 12 Nov 2019 | Various amendments  | Manager Commercial Services |
| Council               | 27 Nov 2019 | Procurement Policy review adopted by Council.                 | Procurement Coordinator     |
| CMT                   | 27 Oct 2020 | Review conducted, no amendments made.                         | Procurement Coordinator     |
| Council               | 25 Nov 2020 | Procurement Policy review adopted by Council.                 | Procurement Coordinator     |
| Council               | 27 Oct 2021 | Various amendments  | Procurement Coordinator     |

## 11. REFERENCES

### 11.1 Plans, Policies and Procedures

Council Plan 2021-2025  
 Councillor Code of Conduct  
 Instrument of Delegation to the CEO  
 Instrument of Sub-Delegation from CEO to Council staff  
 Risk Management Policy  
 Fraud Prevention and Control Policy  
 Purchase Card Policy  
 Employee Code of Conduct  
 Gift, Benefit and Hospitality Policy  
 Complaint Handling Policy  
 Public Interest Disclosure Policy  
 Procurement Policy – Rural City of Wangaratta (reference to Collaborative Procurement)

### 11.2 Guidelines

Model Procurement Policy – MAV 2011  
 Moira Shire Council Procurement & Contract Management Guidelines (Procedures)  
 Victorian Local Government Best Practice Procurement Guidelines 2013  
 In the Public Interest – A Conflict of Interest guide for Councillors, delegated committee members and Council staff - October 2020

### 11.3 Legislation

*Local Government Act 2020*  
*Local Government (Governance and Integrity) Regulations 2020*  
*Competition and Consumer Act 2010*

Charter of Human Rights & Responsibilities Act 2006  
 Gender Equality Act 2020  
 Occupational Health and Safety Act 2004  
 Fair Work Act 2009  
 Australian Standards

## APPENDIX A – MARKET TESTING THRESHOLDS

Council’s standard methods for purchasing are dependent on the value and risk of the goods, services and works according to the following table:

| \$ Value (Ex. GST)         |              | Market Testing Requirements   |
|----------------------------|--------------|---|
| From                       | To           |   |
| \$1.00                     | \$10,000.00  | <b>SEEK VALUE FOR MONEY</b> <ul style="list-style-type: none"> <li>Use local supplier if available</li> </ul>   |
| \$10,001.00                | \$20,000.00  | <b>SEEK MINIMUM OF 1 WRITTEN QUOTE</b> <ul style="list-style-type: none"> <li>Provide a written invitation and specification of requirements.</li> <li>Seek quote from local supplier if available.</li> <li>Provide written confirmation back to supplier and prepare contract if high risk.</li> </ul>  |
| \$20,001.00                | \$50,000.00  | <b>SEEK MINIMUM OF 2 WRITTEN QUOTES</b> <ul style="list-style-type: none"> <li>Provide a written invitation and specification of requirements.</li> <li>Seek at least 1 quote from local supplier if available.</li> <li>Provide written confirmation back to supplier and prepare contract if high risk.</li> </ul>  |
| \$50,001.00                | \$150,000.00 | <b>SEEK MINIMUM OF 3 WRITTEN QUOTES OR USE TENDERSEARCH</b> <ul style="list-style-type: none"> <li>Provide a written invitation and specification of requirements.</li> <li>Seek at least 1 quote from local supplier if available.</li> <li>For goods, seek minimum of 3 written quotes or use Tendersearch</li> <li>For services and works, use Tendersearch for seeking quotes.</li> <li>Evaluation of quotes to be conducted by respective departments. Provide written confirmation back to supplier and prepare contract if high risk.</li> </ul> |
| \$150,001.00               | \$350,000.00 | <b>ADVERTISED RFQ PROCESS</b> <ul style="list-style-type: none"> <li>Provide a written invitation and specification of requirements.</li> <li>Use Tendersearch for RFQ process and Evaluation. Moderation to be conducted by Procurement and Contracts Department.</li> <li>Provide written confirmation back to supplier and prepare contracts.</li> <li>Awarded contracts reported to council through briefing meeting conducted by CEO.</li> </ul>   |
| <b>More than \$350,000</b> |              | <b>ADVERTISED PUBLIC TENDER</b> <ul style="list-style-type: none"> <li>Process managed by Procurement and Contracts Department</li> <li>Council report drafted and sent to council for approval.</li> </ul>   |