



PROCUREMENT POLICY

COUNCIL POLICY	
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Adopted by Council:	20 August 2019
Next Review Date:	Annually
Responsible Officer/s:	Group Manager Corporate and Community Procurement and Contracts Officer

Purpose

The purpose of this Policy is to ensure that Council's procurement processes achieve best practice in the following:

- value for money, innovation and continuous improvement in the provision of services for the community;
- consistency with Council values;
- a strategic approach to procurement planning, implementation and evaluation;
- enabling sustainable outcomes including economic, environmental and social sustainability;
- efficient and effective use of Council resources;
- utilising collaboration and partnership opportunities
- high standards of probity, transparency, accountability and risk management; and
- compliance with legislation, Instrument of Delegations (i.e. the authorisation of officers to approve a range of functions in the procurement process), the current *Council Plan* objectives, Council policies and industry standards.

Objective

Section 186A (1) and (9) of the *Local Government Act 1989* (the Act) requires the Council 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.

Scope

This Policy applies to all Council contracting and procurement activities and is binding upon Council, Council Staff (including temporary employees), contractors and consultants while engaged by the Council.

Standards

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

- *Local Government Act 1989*
- Procurement Guidelines
- Conflicts of Interest Policy/Guidelines
- Fraud policy
- Councillor Code of Conduct
- Staff Code of Conduct
- CEO Directive - Procurement Guidelines
- Corporate Card Policy
- Gifts, benefits and Hospitality Policy
- Occupational Health and Safety Policy

- Risk Management Policy
- Project Management Guidelines (PMF)
- Victorian Local Government Best Practice Procurement Guidelines 2013
- Other relevant legislative requirements.

Policy Statement

Council recognises that a procurement policy and its associated guidelines will support the achievement of the Council's strategic procurement objectives.

Council is committed to ensuring its purchasing practices are sustainable, efficient and deliver value for money, while encouraging a competitive environment for suppliers and seek to support local enterprise to provide current and long-term benefit to the community.

Principles

Council's purchasing practices are based on the following principles:

Integration with Council Strategy

Council's procurement strategy shall support the aims and objectives of Council's current Council Plan.

The principle of responsible financial management must be applied to all procurement activities, including ensuring that existing funds within an approved budget, or a Council Resolution, is established prior to the commencement of any procurement action. Approvals for all variations (either individual or cumulative) will be in accordance with Council's Procurement Guidelines.

Best Value

Section 208A & section 208B of the Act requires that Council must adopt and comply with Best Value Principles.

Section 208F requires Council to ensure any quality or cost standards it adopts are available for public inspection.

Section 208G requires Council to report at least once a year to its community on what has been done to ensure that it has given effect to the Best Value Principles.

Value for Money

Council's Procurement activities will be carried out on the basis of obtaining value for money. Value for money is centred on obtaining the best quality and value for the price and ensuring that the quality of the goods and services meets Council's criteria with regards to policy, performance, risk, and cost constraints. This also includes minimising the total cost of ownership over the lifetime of the goods and services, reliability and delivery considerations.

Fair and Honest Dealing

All prospective contractors, consultants and suppliers will be afforded an equal opportunity to submit a tender or quote. Impartiality must be maintained throughout the procurement process.

Conduct of Councillors and Council Staff (Ethics and Probity)

Council's procurement activities will be performed with integrity, and in an ethical and transparent manner.

Gifts and Hospitality

No Councillor or member of Council Staff shall, either directly or indirectly;

- provide gifts, and or hospitality to contractors or their representatives and;
- solicit or accept gifts; and or hospitality from contractors or their representatives.

This includes organisations, firms or individuals with whom Councillors or members of Council staff have official dealings.

Accountability and Transparency

Accountability in procurement means being able to demonstrate and provide evidence to an independent third party that a defined process has been followed and that the process is transparent, fair and reasonable.

Procurement methods

Council's standard methods for procuring goods, services and works shall be by:

- a) petty cash, or corporate credit or debit card or purchase order for low value simple purchases;
- b) a quotation process for purchases;
- c) contract following a tender process;
- d) purchasing schemes or approved suppliers including collaborative purchasing arrangements with other councils, agency arrangements (section 186(5) (b)) and Ministerial approved schemes (section 186(5) (b)) such as the Municipal Association of Victoria, Procurement Australia and State Purchasing Contracts;
- e) the Council or the CEO may approve other methods of procurement or exemptions to this Policy due to abnormal circumstances such as emergencies, sole suppliers or interruption to a delivery of key services in accordance with their level of authority; and
- f) Ministerial exemptions from tendering requirements in exceptional circumstances such as natural disaster recovery or interruption to a delivery of key services.

Delegations Reserved for the Council

Only the Council can award contracts that are greater than:

- \$150,000 incl. GST for goods and services
- \$200,000 incl. GST for works

Delegation of Procurement Authority

Council procurement activities are undertaken using Financial Delegations, allowing Council staff to approve certain purchases, quotation, tender and contractual processes without prior referral to the Council.

Please refer to:

- <https://magiq.edrms/docs/~D423121> (Procurement Quick Reference Guide)
- <https://magiq.edrms/docs/~D496174> (Financial Delegations)

Procurement Thresholds

Purchases of goods and services or works are subject to the following thresholds, including GST, in total;

Council should aim to procure goods based on the preferred method, however, where this is not achievable; the acceptable method may be used.

□	Preferred Method	○	Acceptable Method	□	Not an Acceptable Method
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Procurement Threshold Table

Expenditure Thresholds (inc. GST)	1 Quote	2 Written Quotes	3 Written Quotes	Public Tender	Approval Process	Procurement Method
<\$5,000	○	□	□	□	Delegated Staff	Minimum one verbal or written quote
\$5,000 - \$25,000	□	○	□	□	Delegated Staff/ Managers	Request for Quotation (RFQ) (Minimum of 2 written quotations)
\$25,001 - \$50,000 <i>(Goods or Services & Works)</i>	□	○	□	□	Delegated Managers	Request for Quotation (RFQ)
\$50,001 - \$100,000 <i>(Goods or Services & Works)</i>	□	□	○	□	Group Manager/ Directors	(Minimum 3 written quotations)
\$100,001 - \$150,000 <i>(Goods or Services)</i>	□	□	○	□	CEO	3 written quotes/Request for Tender (RFT) (high risk/high complexity)
\$100,001 - \$200,000 <i>(Works)</i>	□	□	○	□	CEO	
\$150,001 - 200,001 + <i>(Goods or Services & Works)</i>	□	□	□	□	Council	(Public Tender)

Low Value Transactions

An item with a value of less than \$5,000 can be procured through a single verbal quote with an email confirmation copied to their respective Delegated Manager. This email request and approval should be saved in Info Wise for audit trail purposes.

Payments for these types of purchases can be processed through Council's corporate card or purchase without Purchase Order, as long as it is in compliance with Council's Procurement Exemption list (through Council's Procurement Guidelines), which allows for these types of purchases to occur, subject to approval by Council's respective Financial Delegate.

Occupational Health and Safety

Council is committed to procurement activities that provide a safe working environment for employees, volunteers and contractors. Council requires all its contractors and suppliers to share and demonstrate this commitment to providing a safe and healthy environment.

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 Council's capability to prevent, withstand or recover from any interruption to the supply of goods, services and works, to mitigate Council's exposure to the risks associated with the procurement activity.

Sustainable Procurement

In accordance with the current *Council Plan*, the organisation's procurement decisions and initiatives will be based on clear and transparent evidence, informed economic, environmental and social considerations.

Economic Sustainability

Council's procurement activities will be carried out on the basis of obtaining value for money. This means minimising the total lifecycle cost consistent with acceptable quality, reliability and delivery considerations. Section 186(4) of the Act provides that the Council is not required to accept the lowest tender or accept any tender.

Environmental Sustainability

Council is committed to enhancing the environment by adopting the principles of environmentally sustainable procurement, by giving preference to those products that have recycled or reused content, within the context of purchasing on a value for money basis. Consideration will also be given to the whole life cycle of these products in terms of the impact on the environment during the product's production, use and disposal.

Social Procurement

Council is committed to implementing sustainable and strategic procurement practice, which enhances partnerships with community stakeholders, enabling capacity building and providing a range of social benefits.

Local Procurement

Consistent with value for money principles, where different products are of comparable price and quality can be sourced either locally or regionally, preference will be given to local suppliers.

To encourage a focus on local economy, including supporting local employment and local businesses:

- Council officers should seek at least quotation(s) from a local supplier(s), if available;
- For all tenders where anticipated contract sum is greater than \$200,000 including GST, a Local Economic Impact Statement must be submitted by tenderers that will detail the level of local content including labour, materials, plant and supervision. 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.
- Where the highest scoring tenderers are within 10% of the weighted tender evaluation score, the evaluation panel will assess the local economic impact statement submitted by the preferred tenderers.

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

Disclosure of information

Councillors and Council staff are to protect information received by the Council that is Commercial in Confidence and the information must not be disclosed.

Performance Measure and Continuous Improvement

Council will establish and put in place management reporting systems to monitor performance against targets and compliance with procurement policy and guidelines. Procurement procedures, innovative practices, guidelines and costs will be benchmarked externally. Internal service standards will be agreed within Council and set performance criteria against these targets will be measured, reported and reviewed regularly to support continuous improvement.

Dispute Resolution

Any Dispute arising from the application of this policy will be referred to the Chief Executive Officer for investigation and resolution.

Charter of Human Rights and Responsibilities Act 2006 and the Equal Opportunity Act 2010

Council acknowledges the legal responsibility to comply with the *Charter of Human Rights and Responsibilities Act 2006* and the *Equal Opportunity Act 2010*. The *Charter of Human Rights and Responsibilities Act 2006* is designed to protect the fundamental rights and freedom of citizens. The Charter gives legal protection to twenty fundamental human rights under its four key values that include freedom, respect, equality and dignity.

Aboriginal and Torres Strait Islander Engagement

Council, depending on the nature of the procurement, is committed to explore opportunities in engaging Indigenous businesses for the delivery of goods and services. This may result in engagement as a contractor, a subcontractor or individual's employment as a result of provision of goods, services or works to the Council.

Review

This policy is required to be reviewed at least once in each financial year as per section 186A (7) of the *Local Government Act 1989*.