

PROCUREMENT POLICY

COUNCIL POLICY	
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Responsible Officer/s:	Director Corporate Operations Procurement and Contracts Officer

Purpose

The Procurement Policy (“the Policy”) aims to ensure high standards of probity and accountability in the procurement of goods, services and works for Strathbogie Shire Council and the community. Specifically, the Policy will ensure that Council’s procurement processes achieve best practice in the following:

- Best Value, 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;
- actively supporting and acknowledging the importance of local businesses within the Strathbogie economy;
- enabling sustainable outcomes including economic, environmental, indigenous 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.

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.

Council recognises that local businesses are an integral part of the community and is committed to improving opportunities for local suppliers to compete for Council contracts, while still achieving value for money. 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 purchases within the formal Request for Quotation and Request for Tender process Local Content/Regional Benefit' evaluation criteria must have a weighting of at least 10%.

This will help support local businesses and provide confidence within the local economy.

In order to quantify this 10% allowance the following questions must be asked of tenders:

1. Does your business have a head office or branch within the Strathbogie Shire? (scoring guide - head office = 10/10, branch 8/10, Hume Region 5/10)
2. What percentage of your employees reside within Strathbogie Shire? (scoring guide - 100% = 10/10, 50% = 5/10 etc)
3. What is the total Contract spend within Strathbogie Shire, please itemise? (scoring guide - 90% of Contract spend = 9/10, 60% of Contract spend = 6/10 etc)

- All local business statements must be declared by Tenderer and verified by the Tender Evaluation Panel.
- This will result in businesses who are based within Strathbogie Shire, who employ locals and who intend to spend the full amount of Contract spend within the Shire, obtaining up to a 10% advantage compared to those located outside the Shire.

The use of these processes must be fully documented in the quotation and tender evaluation reports when used. Using the local procurement process, if, for example a supplier scores 8,5 and 6 for the above three questions they score 6.33%.

Social and Indigenous Procurement

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

Sustainable Procurement

Council is committed to enhancing the environment by adopting the principles of environmentally sustainable procurement, and will aim to make purchases that have the least impact on the environment and human health, within the context of purchasing on a value for money basis.

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.

Low Value Transactions

An item with a value of less than \$1,000 (Table refers to 2 quotes for under \$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.

EXEMPTIONS

For purchases under \$150,000, exemptions to procurement threshold methods may be sought from the Executive Leadership Team (ELT). Officers are to provide a detailed report to ELT for their review and make themselves available to answer questions during the ELT meeting. Support from the Procurement and Tenders Officer can also be requested with the process. Any exemptions must be signed off the CEO.

Examples of exceptional circumstances:

- Urgent purchases due to emergency and grant funding deadlines; or
- Niche, highly skilled and limited suppliers available (eg, less than 3 statewide).

The Finance Manager will provide information to the Council via a quarterly Council report on exemption requests and approval/rejection outcomes.

60% PRICE EVALUATION WEIGHTING

Submitted pricing for formal RFQs and RFTs must have an evaluation weighting of at least 60%. Requests for a reduction in the 60% pricing weighting must be approved by Council via Council resolution. A detailed report outlining the reasons must firstly be endorsed by ELT prior to presentation to Council.

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/~D603337> ([Financial Delegations](#))

Procurement Thresholds

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

Council will procure goods based on the method as detailed below:



Procurement Threshold Table

Expenditure Thresholds (inc. GST)	1 Quote	2 Written Quotes	3 Written Quotes	Public Tender	Approval Process	Procurement Method
<\$1,000	<input checked="" type="checkbox"/>				Delegated Staff	Minimum one verbal quote (must be documented)
\$1,000 - \$10,000	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Delegated Staff	Request for Quotation (RFQ) (email)
\$10,001 - \$25,000	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Delegated Staff/ Managers	Request for Quotation (RFQ) (email) (Minimum of 3 quotations)
\$25,001 - \$50,000 <i>(Goods or Services & Works)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Delegated Managers approval via Recommendation on Procurement Plan	Minimum 3 Request for Quotation (RFQ) or Formal Request for Quotation (RFQ) - Short form Contract
\$50,001 - \$100,000 <i>(Goods or Services & Works)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Group Manager/ Directors	Formal RFQ Process— Contract required
\$50,001 - \$100,000 NICHE SUPPLIERS <i>(Goods or Services & Works)</i>				<input checked="" type="checkbox"/>		Formal Select (Invitation Only) RFQ (Minimum 3 written quotations) ** ELT Exemption Approval required
\$100,001 - \$150,000 <i>(Goods or Services)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CEO	Formal Request for Tender (RFT) (high risk/high complexity)

\$100,001 - \$200,000 (<i>Works</i>)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CEO	
\$150,001 - 200,001 + (<i>Goods or Services & Works</i>)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Council	Formal Request for Tender (RFT) (high risk/high complexity)

Definitions:

RFQ – Request for Quotation via email

An informal email to suppliers (minimum three), can be self-managed or with support from Procurement and Tenders Officer

Formal RFQ – Request for Quotation

A formal public quotation process using Contract, Schedule and Specification Documents using on line tender portal TenderSearch via the Procurement and Tenders Officer. Standard opening is 9am Friday morning, Advertising in Public Notices with Saturday’s Age upon opening plus local newspapers if required, closing 4pm Wednesday (13 business days). A detailed Procurement Plan including evaluation weightings and Evaluation Panel members must be completed prior to release.

Formal Select RFQ – Select (Invite only) Request for Quote for Niche Suppliers.

A formal private quotation process using Contract, Schedule and Specification Documents using on line tender portal TenderSearch via the Procurement and Tenders Officer. Minimum opening period is 10 working days. Minimum of THREE suppliers to be invited. ELT Exemption MUST be obtained. A detailed Procurement Plan including evaluation weightings and Evaluation Panel members must be completed prior to release.

RFT – Request for Tender

A formal public tender process using Contract, Schedule and Specification Documents for more complex higher value projects >\$100,001+, using on line tender portal TenderSearch via the Procurement and Tenders Officer. Standard opening is 9am Friday morning, Advertising in Public Notices with Saturday’s Age upon opening plus local newspapers if required, closing 4pm Wednesday (19 business days). A detailed Procurement Plan including evaluation weightings and Evaluation Panel members must be completed prior to release

Purchasing from Panel of Supplier Agreements

Council is committed to adopting efficient work practices and reducing, wherever possible, the time and resources involved in procurement activities whilst also ensuring best value and effective risk management.

For this reason, where a panel or standing offer agreement has been established through a competitive and open process, the purchasing thresholds to support purchases through these existing agreements are set as follows:

Value (incl of GST)	Procurement Threshold
\$0 - \$50,000	Issue a request in writing (letter, fax, email) to at least one panel supplier. Response can be verbal or written. Rationale for selecting successful respondent documented. If successful response is verbal it must be confirmed by the Council officer via email.
\$50,000 - \$150,000 (Goods and Services) and \$200,000 (Works)	Public open tender

Order Splitting

Suppliers, contractors and Council staff must not request, encourage or facilitate the prohibited act of 'order splitting' (splitting one order into a succession of orders) for the purpose of obtaining the goods or services under a financial delegation level or procurement delegation level.

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. All Contractors are required to complete Strathbogie Shire's online OH&S induction.

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.

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.

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*.