



# PROCUREMENT POLICY

COUNCIL POLICY	
Effective Date:	19 July 2016
Last Review:	17 November 2015
Current Review:	24 May 2017
Adopted by Council:	20 June 2017
Next Review Date:	Annually
Responsible Officer/s:	Team Leader Council Business Director Corporate and Liveability

## **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, including initiatives through the Goulburn Valley Regional Collaborative Alliance (GVRCA);
- 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 covers all Council procurement activity and is binding upon Council Staff, 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
- 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.

### **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.

- **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.

- **Purchasing methods**

Council's standard methods for purchasing 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 and Procurement Australia;
- 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/~D427769> (Financial Delegations)

- **Procurement Thresholds**

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

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

o	Preferred Method	✓	Acceptable Method	x	Not an acceptable method
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### 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.

- **Fair and Honest Dealing**

Prospective suppliers will be afforded an equal opportunity to tender or quote. Impartiality will be maintained in selecting suppliers.

- **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, solicit or accept gifts, and or hospitality from contractors or their representatives, or from organisations, firms or individuals with whom they have official dealings.

- **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 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 the Council's capability to prevent, withstand or recover from any interruption to the supply of goods, services and works.

- **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.

- **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 within the context of purchasing on a value for money basis.

- **Social Procurement**

Council is committed to enhancing partnerships with community stakeholders, enabling capacity building and providing a range of social benefits.

- **Local Procurement**

Consistent with value for money principles, where equivalent value can be sourced either locally or regionally, preference will be given to local suppliers.

- **Disclosure of information**

Information received by the Council that is Commercial in Confidence 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.

- **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 Engagement**

Council, depending on the nature of the procurement, is committed to explore opportunities in engaging Aboriginal 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*.