

OFFICIAL

Strathbogie Shire Council Procurement Policy and Procedure

November 2023



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Procurement Policy

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PART 1 POLICY

1. PURPOSE

Strathbogie Shire Council Procurement Policy has been written under Section 108 of the *Local Government Act 2020* (the Act). The Act requires Strathbogie Shire Council (Council) to:

- Develop and adopt a procurement policy encompassing the principles, processes and procedures applied to all purchases of goods, services, and works by Council by December 2021
- Review its Procurement Policy at least once during each four-year term of Council
- Nominate a threshold value for public Tenders and Request for Quotations.

The purpose of this Policy is to:

- provide guidance to Council and the community to allow clear consistency, efficiencies, and good governance over procurement activities
- provide guidance on ethical behaviour in Council procurement activities
- ensure the application of best practice in procurement activities
- increase the probability of obtaining value for money when purchasing goods, services or works and
- demonstrate accountability and transparency to ratepayers through open and fair competition.

2. POLICY STATEMENT

Council recognizes 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.

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 the 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 municipal community when procuring goods and services and to
- Seek to undertake collaborative procurement in accordance with this Policy.

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

- Support Strathbogie Shire 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, and
- Generate and support Local Business through inclusion wherever practicable.

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.

3. APPLICATION OF THIS POLICY

This Policy applies to all contracting and procurement activities at the 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 but does not extend to the related accounts payable processes. 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.

4. ACCOUNTABILITY AND RESPONSIBILITIES

This Policy applies to all Employees, Councillors and Contractors.

| Role | Responsibilities |
|--------------------------------------|--|
| Procurement and Tenders Officer | Implementation and updating of this Policy. Monitoring of policy compliance and auditing of cumulative spend. |
| Chief Financial Officer | Implementation and updating of this Policy. Monitoring of policy compliance and auditing of cumulative spend. |
| Directors/Managers | Ensuring staff are aware of the policy and comply at all times. |
| All other staff members, contractors | Implementation of this Policy |
| Councillors | Understanding of the policy and decision making on procurement related matters through formal Council meetings. |

5. PRINCIPLES

Council's purchasing practices ensure a balanced approach and 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.

Overall 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. Value for money does not necessarily mean the cheapest price. Goods, services and works procured by Council will be considered in the context of price and quality. Consideration will also be given to the life cycle cost including, delivery charges and carbon emissions, ongoing operating, and disposal costs.

Benefit to the Community

Council will consider opportunities to sustain local employment. When different products are of comparable price and quality, products having more local content will be given precedence.

Environmental Sustainability

Council will give preference to goods, services, and works that will advance the use of resources having higher recycled or reused content and which are responsibly sourced and Procurement Policy and Procedure Document ID 407023

fit for the purpose. A whole life cycle cost consideration will also be given to these products in terms of the impact on the environment throughout the entire life cycle.

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. Any suspected improper conduct, including suspected fraud, corruption, collusion, substantial mismanagement of public resources, risk to public health and safety, risk to the environment, or detrimental action should be managed in accordance with Council's internal policies and processes.

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.

6. GST

Treatment of GST - All monetary values stated in this policy INCLUDE GST unless specifically stated otherwise. Pricing submissions are to be inclusive of GST.

7. CONFLICT OF INTEREST

Councillors and Council staff 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 staff and independent third parties involved in the procurement process, in particular preparing tender documentation, including writing tender specifications, tender opening, tender evaluation panels and exemptions to procurement processes, must:

- Avoid conflicts, whether actual, potential, or perceived, 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 and 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 activity
- Observe prevailing Council policy and guidelines on how to prevent or deal with conflict of interest situations; and not utilise any procurement related information whether or not for personal gain.

8. GOVERNANCE, STANDARDS AND POLICY CONTROL

Governance

Council shall establish a procurement management responsibility structure and delegations ensuring accountability, traceability and auditability of all procurement decisions made by Council. Council's procurement structure should:

- ensure flexibility to purchase in a timely and efficient manner the diverse range of material, goods, works, and services required by Council
- ensure that prospective contractors and suppliers are afforded an equal opportunity to tender/quote
- encourage competition
- incorporate strategies for managing risks associated with all procurements and be applied consistently.
- ensures Council undertakes good record keeping allowing for accountability and transparency to the community. that transparency and good record keeping are undertaken

Conduct Of Councillors And Council Staff And Independent Third Parties Involve With Procurement Process (Ethics and Probity)

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

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.

Reporting Suspicious Activities

All Councillors, Council Staff 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, collusion, 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*.

Project Control Group

A multi-functional project team that can leverage expertise across the organisation and facilitate a stronger outcome needs to be established for *all projects over \$1 million dollars and/or where it has cross organisational impacts over two or more business delivery units. For example, consider inviting representatives from procurement, sustainability, asset management, community, planning and engineering.*

9. 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 policies and processes.

10. LOCAL PROCUREMENT

Consistent with value for money and benefit to the community 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 one (1) quotation(s) from a local supplier(s), if available and at least 50% quotations submissions from local suppliers during stage two (20 of works quotation process of Panel of Suppliers Contract Arrangements)
- 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 eight (8), five (5) and six (6) for the above three questions they score 6.33%.

Should the purchase be sought through collaborative arrangements established by another government entity, local authority or group purchasing scheme, such as Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement

Australia (PA) etc, pre-assessment should be undertaken to ascertain whether local procurement is likely and if not, the 10% weighting on regional benefit can be removed and allocated to another group.

11. SOCIAL PROCUREMENT

Consideration of social procurement, as part of the procurement selection criteria provides an opportunity to generate positive social outcomes in addition to the delivery of goods, services and works. Including Social Sustainability criteria aligns with Council's social objectives to help enhance partnerships with community and first nations stakeholders, build stronger communities and helps to address structural and systemic inequality.

Memorandum of Understanding – Council and Taungurung Land and Waters Council

As per the Memorandum of Understanding between Strathbogie Shire Council and Taungurung Land and Waters (TLaWC) Council dated 28 October 2021, in an order to

- (a) Support TLaWC's aspirations to achieve economic independence for the Taungurung people and
- (b) Support local business and local jobs

The Council will provide the Taungurung Land and Waters Council with the opportunity to apply for Contracts providing works or services to the council and develop a 'weighting system' within its procurement guidelines to assist TLaWC in achieving goals (a) and (b) above, while acknowledging Council's obligations to ensure value for money under the *Local Government Act 2020*, the need to comply with the provisions of Council's obligations to comply with the National Competition Policy and Principles.

When evaluating Social Sustainability and in addition to local sustainability and first nations people, evaluation panels should consider the following:

- **Employment and training** - creating local employment opportunities through clauses and specifications in Council contracts. Developing practical training to build long-term employment opportunities.
- **Gender Equality** - promoting gender equality (including adherence to the *Gender Equality Act 2020* where applicable) and encouraging women's full and equal participation. Gender equality is proven to increase business performance and deliver diversity of thought leading to more innovative solutions.
- **Diversity and Social Inclusion** - ensuring all businesses have the same opportunity to tender for Council contracts. Ensuring that the supply markets around essential and key services for Council remains diverse and vibrant. Ensuring that local suppliers such as small to medium-sized enterprises, social enterprises and first nations businesses (refer above) are well positioned to prosper in the local economy.
- **Service innovation** - fostering a new social economy, addressing service gaps by piloting joint ventures between councils and external partners.

12. SUSTAINABLE PROCUREMENT

Strathbogie Shire Council declared a climate emergency in April 2021 and is now working towards being net carbon zero by 2025.

All procurement decisions should be seen through the lens of sustainability, and it will influence all Council procurement.

To identify and assess opportunities to improve the potential sustainability outcomes of procurement, consider these questions:

- **Circular procurement:** Is it possible to include circular procurement in the scope of service? For example, some elements include prioritising reuse/repurposing of goods in the first instance, requiring the supplier to use recycled material, and ensuring that any goods used can be repurposed or are recyclable at the end of their life
- **Recycled materials:** Is recycled material used whenever possible when manufacturing the goods or undertaking a service? Are there similar goods or services, using more recycled material?
- **Reprocessing:** Does the process generate recyclable material that can be reprocessed? If not, how will the goods be disposed of?
- **Greenhouse gas emissions:** During the operational stage, do the goods or service produce excess greenhouse gas emissions, use excess energy, water, or additional resources? Could any excess be avoided?
- **Packaging:** What type of packaging is used for the goods or while undertaking the service? Does the packaging contain recycled material, can a higher content of recycled plastic, glass or paper be used and is the packaging recyclable at the end of its life?
- **Longevity:** What options are available to extend the longevity of the product for example, reuse, repair, upgrade or modify?

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.

Must be to the highest sustainability standards. Information regarding best practice can be found at the Buy Recycled Directory - <https://directories.sustainability.vic.gov.au/buy-recycled/>

Whole of life cost considerations

Disposal of the replaced item must be considered as part of the purchase of the new item. Preference for disposal of items should be in line with the waste hierarchy and should be read in conjunction with the Disposal or Sale of Council Asset Policy. The disposal of all materials generated as part of the procurement process must be considered as part of the procurement budget.



Sustainable Procurement Objectives

Consistent with the principle of Environmental Sustainability, Council’s procurement activities will be undertaken having regard to Sustainable Procurement objectives as detailed below in Table 1. The ability to meet or exceed the standards detailed in the table below must be considered in the preparation of specifications and the evaluation **of RFQs or Tenders for Panel of Supplier Contracts or Contract values \$150,000 or more.**

These standards for all other procurement activities.

Table 1: Sustainable Procurement Objectives

| Objectives | Standards To Be Applied In Pursuit Of Objectives |
|-------------------------------------|---|
| Economic Prosperity | Pursuing and examining the options for collaborative procurement |
| | Using aggregated contracts where appropriate |
| | Encouraging effective use of open and fair competition |
| | Developing, implementing, and managing procurement strategies that support the co-ordination and streamlining of activities throughout the project/asset lifecycle |
| | Working with suppliers to create relationships that are professional and productive and are appropriate to the value and importance of the goods, services and works being acquired |
| Environmental Sustainability | Ensuring all procurement contracts and tenders contain sustainability specifications as appropriate to the product or service being procured |
| | Encouraging waste reduction and resource recovery, including recycling activities |
| | Incorporating energy and resource efficiency in the built environment |
| | Identify, monitor, and minimise emissions and explore opportunities to reduce energy consumption |
| | Considering the environmental performance of all suppliers and contractors, and encouraging them to conduct their operations in an environmentally sensitive manner |
| | Considering the basic life cycle analysis of products to minimise the adverse effects on the environment resulting directly or indirectly from products |
| | Selecting products/services that have minimal effect on the depletion of natural resources and biodiversity |

Sustainable Procurement Tender Schedules - Waste Disposal Plan and Recycled Product Declaration

As a mechanism for implementing the objectives, two new schedules will be introduced for Tenderer submission on Construction, Service and Projects for **RFQs or Tenders for Panel of Supplier Contracts or Contract values \$150,000 or more.**

Waste Management Plan Schedule

Tenderer to outline appropriate materials and recycling for each stream identified.

Product Source and Recycled Percentage Declaration Schedule

Tenderer to supply a declared list of products that will be used in the project, the recycled materials percentage (the target of percentage recycled would depend on current capabilities in the industry), and where are they sourced.

The above schedules will have a mandatory 10% weighing applied at the evaluation stage.

Where a suitable recycled alternative is not available or cost prohibitive a report requesting an exemption must be provided to the Executive Management Team.

13. DEFINITIONS

| Term | Meaning |
|---------------------------------------|---|
| The Act | <i>Local Government Act 2020.</i> |
| Collaborative Procurement Arrangement | A contract established by the Council, government, or a nominated agent, such as Procurement Australasia, Municipal Association of Victoria (MAV), Regional Purchasing Excellence Network Hume Region (RPEN Hume) or local government entity, for the benefit of numerous state, federal and/or local government entities that achieves best value by leveraging combined economies of scale. |
| Commercial in Confidence | Information that, if released, may prejudice the business dealings or commercial interests of Council or another party, e.g., prices, discounts, rebates, profits, methodologies, and process information, etc. |
| Contract Management | The process that ensures all parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the contract objectives and provide Value for Money. |
| Council | Strathbogie Shire Council |
| Councillors | Council's elected representatives (the Mayor and Councillors) or Administrator(s) appointed to act in this capacity. |
| Council Staff | Includes all Council officers, temporary employees, contractors, volunteers, and consultants while engaged by Council. |
| ELT | Means Executive Leadership Team |
| IBAC | The Independent Broad-based Anti-Corruption Commission |
| Indigenous Business | An Indigenous Business is one that is at least 50% owned by an Aboriginal or Torres Strait Islands person(s) (consistent with Supply Nation's definition). |
| Regional Business | A commercial business with an operational premises that is physically located within the municipal borders |

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| | Strathbogie Shire, or neighbouring municipalities, or Hume corridor. |
| Probity within Government | The term "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. |
| Procurement | Procurement is the whole process of acquisition of external goods, services and works. This process spans the whole life cycle from initial concept through to the end of the useful life of an asset (including disposal) or the end of a service contract. |
| Schedule of Rates Contract | A standing offer arrangement based on a Schedule of Rates contract that sets out rates for goods and services which are available for the term of the agreement but without a commitment to purchase a specified value or quantity of goods or services. |
| Sustainability | Activities that meet the needs of the present without compromising the ability of future generations to meet their needs. |
| Request for Quotation (RFQ) Process | The process of inviting parties from either a select list or via public advertisement and to submit an offer by RFQ followed by evaluation of submissions and selection of a successful bidder or tenderer in accordance with pre-determined evaluation criteria. A RFQ is for a lower amount than a full Tender process, and documentation and opening time is shorter. |
| Request for Tender (RFT) Process | The process of inviting parties from either a select list or via public advertisement to submit an offer by tender followed by evaluation of submissions and selection of a successful bidder or tenderer in accordance with predetermined evaluation criteria. Total Contract Sum The potential total value of the contract including: <ul style="list-style-type: none"> • costs for the full term of the contract, including any options for either party to extend the contract • applicable goods and services tax (GST) • anticipated contingency allowances or variations • all other known, anticipated and reasonably foreseeable costs. |
| Value for Money | Value for Money in procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including: |

| | |
|--|---|
| | <ul style="list-style-type: none"> • Non-cost factors such as contribution to the advancement of Council's priorities, fitness for purpose, quality, service, and support; and • Cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining, and disposing of the goods, services or works |
|--|---|

14. RELATED POLICIES AND LEGISLATION

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

- *Local Government Act 2020*
- *Competition and Consumer Act 2010* Australian Standards
- Conflicts of Interest Policy/Guidelines
- Fraud and Corruption Policy
- Councillor Code of Conduct
- Staff Code of Conduct CEO Directive
- Purchasing Card Policy
- Gifts, Benefits and Hospitality Policy
- Occupational Health and Safety Policy
- Risk Management Policy
- MOU Strathbogie Shire and Taungurung Land and Water Council Oct 2021
- Procurement Best Practice Guidelines
- Municipal Association Victoria (MAV) Model Procurement Policy

15. POLICY REVIEW

In accordance with the Act, Council must review and approve the Procurement Policy annually. Any change or update which materially impacts and/or alters this policy must be approved by Council.

16. 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.

PART 2 PROCEDURES

17. PROCUREMENT METHODS

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

- petty cash, or corporate credit or debit card or purchase order for low value simple purchases
- an email quotation process for purchases
- a short form contract following a public Request for Quotation (RFQ), which is open for submissions for minimum ten (10) business days
- a short form contract following a public Request for Tender (RFT), which is open for submissions for minimum 24 business days (3 ½ weeks)
- Contracts and arrangements established by another government entity, local authority or group purchasing scheme e.g., Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement Australia (PA) etc. This includes contracts covering Federal, State or Local Government Purchasing. Contract extensions granted for the purpose of aligning expiry dates for collaborative engagements
- 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.

18. PURCHASING FROM PANEL OF SUPPLIER CONTRACT AGREEMENTS

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

Panel of Supplier Panel Tender Evaluation, Council Recommendation And Awarding Works

When awarding works through a Panel of Supplier Contract, Council will ask tenderers to submit a Schedule of Rates, indicative methodology, traffic management plans (if necessary), OHS, Environmental and Management policy and plans.

Panel of Supplier Contract Agreements should be entered into via a public tender process. Once awarded, these contracts should be Council's primary source of goods and services offered, and Council should make every endeavour to use these Contractors to supply goods and services.

A two-stage evaluation process must be undertaken.

The initial stage, **Stage 1**,) is evaluation of qualitative submission and is to be undertaken to make a recommendation to Council for Contract Award. At this point, the recommendations are made to Council.

Stage 2 is evaluation of pricing (taken from the submitted Schedule of Rates) and methodology specific to the project to be undertaken, and regional benefit.

Due to the broad and varied make-up of Schedule of Rates supplied by Suppliers applying to be awarded our Panel of Supplier Contracts, pricing weighting will be applied at the standard 50% at the second stage of evaluation: when awarding individual project quotation

submissions under the Contract. This process increases efficiency during the Tender Evaluation Process and allows for relative comparison of like for like pricing.

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:

Table 2: Procurement Thresholds

| Value (incl of GST) | Procurement Threshold |
|---|--|
| \$0 - \$170,000 for Goods and Services \$0-\$220,000 (Works) | <p>Issue a request in writing (letter or email) to all panel suppliers (depending on Procurement Thresholds – see Table 3 below). Response must be written (email, letter, or text). Rationale for selecting successful respondent documented.</p> <p>Due to the broad and varied make-up of Schedule of Rates supplied by Suppliers applying to be awarded our Panel of Supplier Contracts, pricing weighting can be applied at the standard 50% at the second stage of evaluation: when awarding evaluating individual project quotation submissions under the Contract.</p> <p>This process increases efficiency during the Tender Evaluation Process and allows for relative comparison of like for like pricing. Council officers should seek at least 50% of Local Supplier quotations during stage 2 of works quotation process of Panel of Suppliers Contract Arrangements.</p> <p>If successful response is verbal, it must also be confirmed by the Council officer via email.</p> |
| \$170,000+ (Goods and Services) and \$220,000 (Works) | Public open RFQ or Tender |

19. 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 in Table 3 below.

Table 3: Procurement Delegation and Procurement Method Threshold Table

| Expenditure Thresholds (inc. GST) | 1 Quote | 2 Quotes | 2 Email Quotes (minimum requirement) | 3 Written Quotes | Public Tender | Approval Process | Procurement Method |
|---|--------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------|--|--|
| <\$1,000 | <input type="checkbox"/> | | | | | Delegated Staff | Minimum one verbal quote (must be documented) |
| >\$1,000-\$2,500 | | <input type="checkbox"/> | | | | Delegated Staff | Minimum two verbal quotes (must be documented) |
| \$2,501 - \$10,000 | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Delegated Staff | Request for Quotation (RFQ) (email) |
| \$10,001 - \$50,000 <i>(Goods or Services & Works)</i> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Purchasing risk assessment and consultation must occur with Procurement and Tender Officer | Minimum three Request for Quotation (RFQ) minimum two week opening period or Formal Request for Quotation (RFQ) - Short form Contract (minimum two week opening period) |
| \$50,001 - \$100,000 NICHE SUPPLIERS <i>(Goods or Services & Works)</i> | | | | | | | Formal Select (Invitation Only) RFQ (Minimum three written quotations) ** evidence limited suppliers MUST be recorded |
| \$50,001 - \$170,000 <i>(Goods or Services)</i> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | CEO | Formal Request for Tender (RFT) (high risk/high complexity) |

| | | | | | | |
|--|--------------------------|--------------------------|--------------------------|-------------------------------------|---------|--|
| \$50,001 - \$220,000 (Works) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | CEO | Formal Request for Tender (RFT) (high risk/high complexity) |
| \$170,001 - \$220,000 + (Goods or Services & Works) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Council | Formal Request for Tender (RFT) (high risk/high complexity) |
| \$170,001 + \$250,000 (Goods or Services & Works) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | CEO | Exceptional Circumstances ONLY* - where delay due to timing of Council report poses an unacceptable risk. Report to Council detailing expenditure at the next scheduled Council meeting. |

Note: * Where the CEO has determined that a contract must be entered into because of a declared emergency; disaster impacting life, property or to ensure business continuity.

PROCEDURAL 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 Request for Quotation (RFQ) process providing RFQ Contract, Online Schedules and Specification Documents using online tender portal eProcure 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 Friday (10 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 online tender portal eProcure via the Procurement and Tenders Officer. Minimum opening period is ten (10) working days. 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 online tender portal eProcure 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.

20. EXEMPTIONS

Exemptions to procurement threshold methods may be sought from the Executive Leadership Team (ELT) in accordance with Table 4 below. Officers are to provide a detailed report to the CEO for review. The CEO may determine to refer a report to ELT. Officer to make themselves available to answer questions during the ELT meeting. Support from the Procurement and Tenders Officer must be requested with the process. Conflict of interest declaration to be completed by relevant officers prior to exemption being sought.

Any exemptions must be signed off by the CEO.

Table 4: Exemptions for approval by Chief Executive Officer (CEO)

| Exemption Type | Explanation, Limitations, Responsibilities, And Approvals |
|---|---|
| A contract made because of genuine emergency or hardship | 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). |
| Grant funded Community Projects under \$50,000 including GST. | Where Council has received State or Federal Government grant funding for Community programs and the funding rules stipulate local on-ground suppliers. Only valid for Contracts under \$50,000 including GST. |
| Collaborative engagement | <p>Contracts and arrangements established by another government entity, local authority or group purchasing scheme.</p> <p>E.g. Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement Australia (PA) etc.</p> <p>This includes contracts covering Federal, State or Local Government Purchasing. Contract extensions granted for the purpose of aligning expiry dates for collaborative engagements.</p> |
| Novated Contracts | Where the initial contract was entered into in compliance with the Act and due diligence has been undertaken upon the new party. |
| Extension of contracts while Council is at market | <p>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.</p> <ul style="list-style-type: none"> • 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. |
| Professional services unsuitable for Tender | Issues based advice which is unable to be quantified. Probity Advisory services and all other legal advice. Planned services will be subject to quotation or tender process in accordance with this policy. Insurance. |
| Information technology, software renewals | 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. |

| | |
|---|--|
| Regional Waste and Resource Recovery Groups | Situations where a Regional Waste and Resource Recovery Group constituted the <i>Environment Protection Act 1970</i> had already conducted a public tender for and on behalf of its member councils. |
| Operating Leases | Where a lessor leases an asset (generally a vehicle or plant and equipment) to the Council and assumes the residual value risk of the vehicle. |
| Statutory Compulsory Monopoly Insurance Schemes | Motor vehicle compulsory third party insurance, Workcover. |
| Public Art | Public artwork under \$50,000 including GST, officers should consider other community engagement in procurement decision making. |

Specific Council exemptions will be reviewed and updated in this Policy from time to time, as per the policy review process.

21. TENDERED PRICING

Submitted pricing for formal RFQs and RFTs must have an evaluation weighting of a minimum of 40%.

Requests for a reduction in the 40% 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.

Price Evaluation Weighting - Panel of Supplier Contracts

Due to the broad and varied make-up of Schedule of Rates supplied by Suppliers applying to be awarded our Panel of Supplier Contracts, pricing weighting can be applied at the minimum standard of 50% at the second stage of evaluation when awarding evaluating individual project quotation submissions under the Contract. This process increases efficiency during the Tender Evaluation Process and allows for relative comparison of like for like pricing.

Officers can opt in to apply the pricing comparison at Tender award if it better allows for Value for Money.

Budget And Specification Formation

Every effort should be made to ensure that the scope and specifications are reasonably paired with the budget. This may be done by seeking guidance pricing from suppliers, reviews by specialist consultants or using industry reference guides. Tenders that far exceed budgets are unavoidable at times of high inflation or product supply delays, however those issues should be noted, and changes should be considered prior to the Tender/RFQ process commences.

Lump Sum Breakdown

Lump sum breakdowns are a useful tool for pricing evaluation and invoice payments and are as such are frequently requested as part of the RFT/RFQ. When lump sum breakdowns are requested as part of the tender submission, tenderers **MUST** supply these, failure to do so could result in tender being considered non-compliant and not evaluated.

21.1 Tendered Pricing Above Set Budget

If ALL tendered pricing offered is above budget, Council will contact all Tenderers and request a best and final offer (BAFO) from all tenderers in writing.

If a tendered pricing is offered at a price 15% (+) over budget and Council has determined that they are unable to fund the procurement at the offered price, Council reserves the right to not evaluate that submission.

22. QUOTATION AND TENDER EVALUATION PANELS

Evaluation Panel members should consist of a minimum of three evaluating members. Members should be a Responsible Officer, and (if possible) an independent Council Officer. The Evaluation Panel should be nominated prior to the RFQ or RFT closing, and all care should be taken to ensure the nominated members will be available during the evaluation period.

The Evaluation must be completed, and recommendation must be made (including report) within 28 days of tender closing, unless extended by:

1. Tenderer/s clarification
2. referral to probity or legal advice
3. Council/tenderer negotiation.

23. CEO APPROVAL UNDER EXCEPTIONAL CIRCUMSTANCES AND DELEGATIONS RESERVED FOR THE COUNCIL

The Chief Executive Officer can approve contracts that are up to \$250,000 in exceptional circumstances. This is to be used ONLY when the CEO agrees that delaying award due to timing of Council report poses an unacceptable risk in circumstances such as (but not limited to):

- contracts that must be entered into due to a declared emergency
- emergency disaster impacting life and/or property; or
- to ensure business continuity.

Where this this provision is exercised, the CEO must advise Councillors via email as soon as practicable and prepare a report to Council at the next scheduled meeting or at an extraordinary meeting if required.

24. 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/~D753738?Login=True> (Procurement Quick Reference Guide)

25. SUCCESSFUL/UNSUCCESSFUL QUOTER/TENDERER NOTIFICATION

Notification of tender outcome may only occur after the official approval has been made by the appropriate Delegate. A letter of award should be issued with the Contract and signed by the approver. The letter of award may also be issued separately whilst the Contract is being assembled.

Unsuccessful tenderers should be advised within five (5) business days of decision via the e-tendering portal or email and may be issued by the Procurement and Tenders Officer.

26. CUMULATIVE SPEND

Council will monitor cumulative spend with suppliers at least annually. If expenditure with a supplier or a number of suppliers providing similar goods, services and works is ongoing in nature and the cumulative spend is likely to exceed the tendering threshold over a two-year period, then Council will review the opportunity to pursue a contract for such goods, services and works through a competitive process.

27. 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 for any goods, services or works.

28. 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 Council's online OH&S induction.

29. RISK MANAGEMENT

Risk management is to be appropriately applied at all stages of procurement activities which will be properly planned and carried out in a manner that will protect and enhance Council's capability to prevent, withstand and recover from interruption to the supply of goods, works and services. Council will minimise its risk exposure by measures such as:

- standardising contracts to include current, relevant clauses
- requiring security where appropriate
- referring specifications to relevant experts
- requiring contractual agreement before allowing the commencement of work
- use of or reference to relevant Australian Standards (or equivalent)
- effectively managing the contract including monitoring and enforcing performance.

30. 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
- 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 the member of Council staff responsible for the delivery of the contracted goods, services or works to ensure the Council receives Value for Money.

31. PERFORMANCE MEASURES AND CONTINUOUS IMPROVEMENT

Appropriate performance measures are to be established and reporting systems will be used to monitor performance and compliance with procurement policies, procedures, and controls. The performance measurements developed will be used to:

- highlight trend and exceptions where necessary to enhance performance
- improve the internal efficiency of the procurement process and where relevant the performance of suppliers
- facilitate programs to drive improvement in procurement to eliminate waste and inefficiencies across key spend categories.

32. DISCLOSURE OF INFORMATION

Councillors and Council staff must protect and not disclose information received by Council that is declared Commercial in Confidence by the CEO.

33. DISPUTE RESOLUTION

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