Procurement Policy

Responsible officer:	Director Corporate and Organisational Development
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1. Purpose

Towong Shire Council (Council) recognises the importance of consistent, fair and transparent purchasing practices to provide best value outcomes for ratepayers and equal opportunity for suppliers.

We are committed to:

- Providing best value outcomes for ratepayers;
- Ensuring that purchasing is open, fair and unbiased;
- Achieving high standards of probity, accountability and risk management;
- Ensuring that purchasing practices are socially and environmentally sustainable;
- Promoting continuous improvement and collaboration;
- Ensuring compliance with legislation.

This policy establishes the principles supporting Council's purchasing activities to provide consistency and control in the delivery of these objectives and meet the requirements of the Local Government Act 2020 (the Act), Local Government Regulations and Ministerial Guidelines.

2. Scope

This policy applies to all purchases of, and contracts to purchase, goods, services and works. It is binding upon Council staff and all persons undertaking procurement on behalf of Council, including volunteers, Councillors, and members of delegated committees and community asset committees.

To the extent that the contents of this policy refer to obligations on Council, they are guidelines for management or summaries of applicable legislative requirements only, and are not contractual terms, conditions or representations on which an employee or other workers may rely.

3. Objectives

We will apply the following principles to all procurement activities:

<u>Best Value Outcomes</u>

We will seek to maximise value in all purchase decisions. Factors such as quality, quantity, risk, timeliness and cost on a whole-of-contract and whole-of-asset-life basis will be considered to achieve the optimum combination which delivers best value.

<u>Open, Fair and Unbiased</u>

Minimum standards apply to the procurement approach in accordance with the selection methods and purchasing thresholds specified in this policy. Staff are encouraged to consider seeking more than the minimum number of quotes when it is likely to yield a materially better value outcome. Impartiality will be maintained in selecting suppliers, and evaluation criteria should be determined prior to quotes being sought in order to ensure a methodological approach that withstands scrutiny.

<u>Probity and Accountability</u>

Procurement activities are to be performed with integrity and in a manner able to withstand the closest possible scrutiny. Documentation is to be maintained to ensure a clear audit trail.

The security and confidentiality of commercial interests must be maintained.

Requirements will be clearly communicated to staff and enforced through management oversight.

<u>Risk Management</u>

We will maintain appropriate controls to ensure that procurement activities are undertaken ethically, diligently, and within the parameters outlined in this policy. We will ensure that risks are identified, evaluated and treated, and that appropriate systems and processes are in place to provide a high level of confidence that this policy is being followed. In particular, high impact risks that we may be exposed to through the purchasing process such as fraud, financial loss, project and service delivery failure, compliance risks and health and safety risks are to be mitigated as far as is practicable.

This policy and the implementation of internal controls will be monitored and reviewed by Council's Audit and Risk Committee.

There will be at least two staff members involved in, and responsible for each transaction.

<u>Environmental Sustainability</u>

We will aim to make purchases that have the least impact on the environment and human health, within the context of purchasing on a best value basis. Preference will be given to purchasing products and services which:

- Minimise use of raw materials and energy;
- Maximise reuse and extension of goods already in circulation;
- Minimise residual waste including emissions and pollution;
- Minimise the impact on habitats.

<u>Local Sourcing</u>

Council is committed to sourcing goods, services and works from competitive local suppliers where possible. Where equivalent value can be sourced both locally and elsewhere, the goods or services should be procured from the local supplier.

Continuous Improvement

We will seek to continually drive improvement in processes, tools and technologies with the objectives of reducing costs, achieving best practice and most effectively delivering on Council objectives.

Collaboration

We will seek and encourage the development of procurement collaboration with other councils and organisations in order to pursue economies of scale, and to enable more efficient collaborative approaches to service delivery.

4. Standards

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

Fair and honest dealing

All procurement activities must be conducted with integrity, impartiality, and transparency to ensure decisions withstand public scrutiny. Councillors and Council employees must treat all suppliers fairly, act consistently, and avoid any actions that could give rise to actual, perceived, or potential conflicts of interest. Staff must make procurement decisions based on merit, value for money, and compliance with Council policies and procedures.

Conflict of Interest

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

Where potential conflicts arise, staff must make their supervisor aware and allow them to decide whether they should continue to be involved in the specific procurement activity with appropriate controls in place. Staff should also feel comfortable to raise potential conflicts that other staff may have to ensure that they are considered and appropriately treated. Conflicts are to be handled in a way that meets the highest standard of governance, transparency and probity.

Procurement for Clubs and Community Groups

Where Council is paying for goods and services on behalf of a Club or Community Group, Council's procurement policy will apply in all circumstances. The provider of the funds (if external) and the Club or Community Group will be made aware of this requirement.

5. Procurement methods

5.1. Procurement considerations

Council will plan and undertake its procurement activities in a manner that is proportionate, risk based and aligned with achieving best value outcomes.

In determining the appropriate procurement method, officers must have regard to the value, complexity and risk of the procurement, and ensure that the approach adopted is consistent with this policy, Council's delegations, and relevant legislative requirements.

Detailed requirements, assessment criteria and procedural guidance for planning and undertaking procurement activities are set out in the Procurement Procedure.

5.2. Procurement methods available

Council's standard methods of procurement include:

- Written and verbal quotations
- Request for Quotation (RFQ)
- Public Request for Quotation (Public RFQ)
- Expressions of Interest (EOI)
- Request for Tender (RFT)

Tenders may be one-stage or multi-stage based on the complexity and cost of the project. Typically, a multi-stage tender process will commence with an expression of interest (EOI) stage, followed by a tender process involving the organisations selected as a consequence of the expression of interest stage.

An EOI process may be appropriate where:

- the requirement is complex, difficult to define, unknown or unclear;
- the requirement is capable of several technical solutions;
- Council wishes to consider ahead of a formal tender process such issues as whether those tendering possess the necessary technical, managerial and financial resources to successfully complete the project;
- tendering costs are likely to be high and Council seeks to ensure that companies incapable of supplying the requirement don't incur unnecessary expense;
- it is necessary to pre-qualify suppliers and goods to meet defined standards; or
- the requirement is generally known but there is still considerable analysis, evaluation and clarification required (both of the objective and the solution).

An alternative configuration of a multi-stage tender is to conduct a first stage to solicit solutions, and a second stage to solicit quotations for the solution selected by Council. Such sequential tenders may or may not be preceded by the expression of interest phase based on the actual needs of the project.

5.3. Publicly advertised procurement

The Act requires councils to establish a public tender threshold, above which procurements must be conducted through a publicly advertised, competitive process. Towong Shire Council has set this threshold at $250,000 (excl GST).

Procurements with an estimated expenditure of $250,000 or more must be undertaken by tender unless a valid exemption is in place as specified by this policy. Officers may choose to publicly invite tenders for purchases with a value of less than $250,000 where this is likely to achieve a better outcome.

All publicly advertised procurement opportunities will be published online, via a publicly available tender management platform, on Council's website, and in local papers where practical and relevant. A relevant Council officer may be contacted to clarify supplier questions during the tender period.

5.4. Procurement Thresholds and Minimum Requirements

Methods and minimum requirements are documented in Appendix A for each nominated spend threshold.

6. Evaluation requirements

The following evaluation criteria will be applied in assessing supplier quotations:

- Price;
- Experience, qualifications and previous performance;
- Delivery (systems, standards);
- Environmental and social sustainability;
- Local employment.

Minimum evaluation requirements and approval are documented in Appendix A for each nominated spend threshold. Additional templates and specific guidance are available in the Procurement Procedure.

Additional criteria may be included as appropriate. Council is not under any obligation to proceed with any supplier and is not obligated to select the supplier with the lowest price.

7. Procedural exemptions

Situations may arise where the procuring officer is unable to satisfy procurement requirements (for example obtaining three quotes). This may occur for a number of reasons. One of the following scenarios must be identified to rationalise the procedural exemption request:

1. Emergency – applies when there is extreme urgency brought about by events unforeseen by the organisation and the property or services cannot be obtained in time through an open tender or quotation process.
2. Sole Supplier / Insufficient Quotes – when it is clear beyond doubt that there are not sufficient suppliers to provide requisite quotes. Documentation of recent market testing and well-defined specifications of the goods and services sought is required.
3. Scope Change – when there is an unforeseen need to alter the scope of the project in a minor way and the cost of obtaining further quotations or re-tendering will outweigh the potential benefits.

4. Exceptionally Advantageous Time-limited Conditions – this includes unusual disposals by suppliers, unsolicited innovative proposals, liquidation, bankruptcy, or receivership situations where the opportunity is time-bound to the extent that following the requirements of the policy is not possible, and the opportunity likely represents best value.
5. Intellectual Property – where the property or services can only be supplied by a particular business and no other reasonable alternative or substitute exists, for example, for a work of art; or to protect patent, copyright, or other exclusive right, proprietary information, software.
6. Operational Imperative – Where changing suppliers would constrain the Council to acquire goods, services, or works incompatible with existing ones, or changing suppliers would result in the loss of knowledge critical to providing services to Council – provided the original procurement complied with this policy.
7. Collaborative Procurement – Whilst not a deviation from the policy, the memo will be utilized to document the nature of the collaborative procurement (ie through MAV supplier panels, State purchasing contracts etc)

Once a rationale has been identified, a Procedural Exemption from the methods of this policy can be sought. This must be done in writing with an explanation for the non-compliance by completion and approval of the Procurement Exemption Memo and in line with the guidelines provided in the Procurement Procedure.

Procurement Exemptions up to $25,000 can be approved by a Director. Any exemptions greater than $25,000 must be approved by the Chief Executive Officer (CEO). Where the value of a Procurement Exemption exceeds the CEO's delegation, it must be approved by the Council. All approved Procurement Exemptions must be recorded in Council's records management system and will be reported to the Audit and Risk Committee.

8. Supplier panels and Collaboration

8.1. Collaborative Procurement

In line with section 108 of the *Local Government Act* 2020, Council may collaborate with other Councils and public bodies in the procurement of goods or services, and may authorise another agency to act on its behalf to undertake collaborative procurement. Contracts may be made together with, or under a contract made by:

- Other Federal, State or Local government entities or government owned entities or purchasing schemes;
- Purchasing agencies including the Municipal Association of Victoria and Procurement Australia.

The procurement does not need to be undertaken directly by Council or delegated officers, however the procurement approach followed must comply with the minimum selection process and purchasing method in accordance with the purchasing thresholds outlined by this policy. An evaluation report justifying best value outcomes is required and the procurement must be approved by an officer with appropriate delegated purchasing limit and the relevant Director (or Council where the CEO's purchasing limit is exceeded).

8.2. Prequalified Supplier Panel

Council will establish a Prequalified Supplier Panel. Suppliers can only be included on the Prequalified Supplier Panel with Council approval.

To be eligible for consideration by Council for inclusion on the Prequalified Supplier Panel, a supplier must meet the selection criteria. An assessment to determine whether a supplier meets the criteria and qualifies for inclusion on the panel will be undertaken by the CEO and one Director and a report will be presented to Council.

The criteria will include:

- Relevant experience
- Performance history including quality, cost, reliability, timeliness
- Safety system and processes
- Risk Management
- Insurance cover
- Local operations base/local employment
- Labour and Human Rights
- Environmental sustainability
- Social responsibility

Any procurement activities with suppliers from the Prequalified Supplier Panel are to be recorded in the Contracts Register and presented to Council each quarter.

Procurement from a Supplier appointed to the Prequalified Supplier Panel is permitted provided that the following requirements are met:

1. A Scope of Works, jointly approved by the relevant Director and CEO, is to be provided to the prospective supplier,
2. A written quotation from the supplier responding to the Scope of Works, and
3. Quotation not to exceed $150,000.

If the quotation is acceptable to both the Director and CEO, a Purchase Order, jointly approved by the relevant Director and the CEO, is to be issued to the supplier together with any other contractual documentation deemed necessary or appropriate by the CEO for the procurement.

If the value of the procurement of works/services/products exceeds $150,000 and items 1 and 2 above have been met, a Council decision will be required to proceed with the procurement.

For procurement where it is appropriate to consider a supplier(s) on the Prequalified Supplier Panel, a quote may be sought from one or multiple suppliers on the Panel. The CEO will determine the number of quotes required depending on the nature of the procurement.

9. Contractual arrangements

9.1. Contracts and Purchase Orders

Council will enter into commitments to purchase via electronic purchase orders.

Care should be taken to ensure that a written contract is in place where it may aid in mitigating any significant risks, for example fraud risk, financial risk, project or service delivery risk, compliance risk, or occupational health and safety risk.

In the case this policy requires that a contract be in place, contracts should always be signed by the supplier prior to being signed by an authorised Council representative.

A purchase order is a commitment to purchase and is not to be signed prior to any relevant contract being signed by both the supplier and an authorised Council representative. The purchase order should refer to the name and number of the written contract to ensure that they are identified as being for the same purchase.

9.2. Contract splitting

It is not permissible to divide a contract into separate smaller procurements to avoid procurement thresholds. Splitting purchase orders to avoid thresholds is strictly prohibited.

9.3. Contract Variations

All contract variations must be documented by the relevant officer and approved by the CEO, or Council, in accordance with the following approval requirements:

<table>
<tr><th>Initial contract amount</th><th>Contract approval</th><th>Contract variation amount</th><th>Total contract amount</th><th>Total project amount</th><th>Variation approval</th></tr>
<tr><td rowspan="5">Within CEO delegation</td><td rowspan="5">Approved by CEO</td><td rowspan="4">Within CEO delegation</td><td rowspan="2">Within CEO delegation</td><td>Within budget</td><td>Approved by CEO</td></tr>
<tr><td>Outside budget</td><td>Approved by CEO</td></tr>
<tr><td rowspan="2">Outside CEO delegation</td><td>Within budget</td><td>Approved by CEO</td></tr>
<tr><td>Outside budget</td><td>Approved by Council</td></tr>
<tr><td>Outside CEO delegation</td><td></td><td></td><td>Approved by Council</td></tr>
<tr><td rowspan="3">Outside CEO delegation</td><td rowspan="3">Approved by Council</td><td rowspan="2">Within CEO delegation</td><td rowspan="2">Outside CEO delegation</td><td>Within budget</td><td>Delegated to CEO by Council through resolution when initial contract approved</td></tr>
<tr><td>Outside budget</td><td>Approved by Council with separate resolution</td></tr>
<tr><td>Outside CEO delegation</td><td>Outside CEO delegation</td><td></td><td>Approved by Council with separate resolution</td></tr>
</table>

10. Delegations

Purchasing officers must operate within approved purchasing limits. Purchases in excess of an officer's limit must be authorised by a more senior officer with an adequate approved limit. Only an officer with an adequate limit can sign and issue a purchase order or enter into a contract.

The purchasing officer must ensure that funding is or will be available prior to raising a purchase order.

Delegated purchasing limits are as follows. It is noted that approval to enter into a contract valued at more than $250,000 (the CEO's delegation) must be put to the Council for a decision.

Position	Delegation limit (excl GST)
Chief Executive Officer	$250,000
Director	$100,000
Senior Executive Officer / Manager	$25,000
Band 7 / Coordinator / MCHN* Team Leader	$10,000
Band 6 / Senior Officer / MCHN*	$5,000
Band 5 / Kindergarten Teacher	$2,000

*Maternal and Child Health Nurse

11. Responsibilities

Responsibility	Role / Position
Conduct procurement in accordance with the principles, processes and methods outlined within this policy	Delegated officers
Continually improve this policy and advise on its implementation as relevant	Director Corporate and Organisational Development
Oversee effective implementation of this policy throughout departments	Directors
Oversee development and effective implementation of this policy in accordance with all legislative requirements	Chief Executive Officer
Review and approve procurements above the relevant threshold specified within this policy Review the Procurement Policy at the agreed frequency	Council
Report to Council on Pre-Qualified Supplier Panel	Director Infrastructure and Environment
Review and provide independent oversight over reported breaches. Review and provide independent oversight over reported breaches.	Audit and Risk Committee

12. Breaches

Failure to comply with this policy, supporting procedures or guidelines, will be subject to investigation which may lead to disciplinary action. Breaches will be reported to the next scheduled Audit and Risk Committee and the Chairperson may be informed in advance for major or high risk breaches.

13. Related Documents

13.1. Relevant Legislation and Standards

This policy should be read in conjunction with the following legislation/standards:

- *Local Government Act 2020*
- *Consumer and Competition Act 2010*
- *Goods Act 1958*
- *Environment Protection Act 2017*
- *Victorian Local Government Best Practice Procurement Guidelines 2024*

13.2. Relevant Council Documents and Policies

This policy should be read in conjunction with the following Council documents:

- Procurement Procedure
- Employee Code of Conduct
- Records Management Policy
- Credit Card Policy

14. Human Rights

The policy gives regard to relevant legislation, principles of natural justice and procedural fairness, community values and Council's resource capacity. It is considered that this policy supports the rights identified in the *Charter of Human Rights and Responsibilities Act (2006)*.

15. Privacy and Confidentiality

The collection, storage, use, and disclosure of personal information will comply with the Privacy Act 1988 (Cth) to the extent that it applies to Council and the Privacy and Data Protection Act 2014 (Vic), which provides for the responsible handling of personal information by Victorian local governments. For the avoidance of doubt, all personal health information provided to Council in the course of administering this policy will be treated in the strictest of confidence and will only be used for the purposes of this policy.

16. Policy Review

This policy should be reviewed every year from the date of adoption, or when there is:

- change in relevant legislation,
- change in Council's position,
- a recommendation from a governance body (e.g. Audit and Risk Committee, Regulatory Authority, external auditor etc).

17. Definitions

Definitions of terms used in the policy and explanations of any abbreviations and acronyms.

Term	Meaning
Contract	An agreement between two or more authorised persons on behalf of their organisations to perform or not perform a specific act/s that is enforceable in law. A contract is legally binding whether it is verbal or written or inferred by conduct. Contracts may be developed in line with the Australian Standards where relevant.
Local	In the context of this policy the definition of local is one that seeks to support manufacturers and suppliers located: • Firstly within the municipal boundary; • Secondly within municipalities adjacent or near to the municipality; and • Thirdly within Australia.
Probity	In the context of a procurement process, probity is a defensible process that is able to withstand internal and external scrutiny – one that achieves both accountability and transparency, providing suppliers with fair and equitable treatment.
Procurement	Procurement is the whole process of acquisition of external goods, services and works. It can include planning, design, standards determination, specification writing, preparation of quotation and tender documentation, selection of suppliers, financing, contract administration, disposals, and other related functions. It also includes the organisational and governance frameworks that underpin procurement processes.
Purchase order	A form of contract, which is an official document used to authorise and record the purchase of goods or services by a buyer. It is the prime reference confirming the contractual situation between the buyer and supplier.
Quotation/quote	A document in the form of an offer to supply goods and/or services, in response to a verbal or written (verbal) request for quotation.
Request for quotation (RFQ)	A process of requesting offers to supply goods and/or services including completion of the RFQ documentation as required by the procurement procedure.
Public Tender	A publicly advertised opportunity open to response from any supplier to tender against a set of clearly defined and specified requirements. Tenderers are advised of all requirements involved, including the conditions of tendering and proposed contract conditions. Public Tenders are published on Council's tender website and advertised on Council's website and via public notice.
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
Tender	An offer in writing to supply goods and/or services, usually submitted in response to a public or selective invitation such as an invitation to tender.
Tender process	The process of inviting parties to submit a tender using public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.

Term	Meaning
Thresholds	The value above which a procurement, unless exempt, is subject to the mandatory procurement procedures.

Authorised by: ______________________

Juliana Phelps
Chief Executive Officer

Appendix A

Minimum Procurement Requirements

Threshold	Sourcing	Evaluation	Purchase Order (PO)	Contract
< $1,000	1 verbal quote	Informal	Optional	n/a
$1,000 < $2,000	1 verbal quote	Informal	PO approved by Officer	n/a
$2,000 < $10,000	1 written quote	Evaluation report approved by Manager.	PO approved by Snr Officer/Coordinator	Contract signed by Director.
$10,000 < $25,000	2 written quotes	Evaluation report approved by Manager.	PO approved by Manager.	
$25,000 < $100,000	3 written quotes	Evaluation matrix (optional) and report approved by 2 Directors.	PO approved by Director.	
$100,000 - $250,000	Public RFQ	Evaluation matrix and report completed by 1 officer and Manager, approved by Director and CEO	PO approved by CEO	Contract signed by CEO
> $250,000	Public Tender	Evaluation matrix and report completed by 1 Director and Officer; approved by CEO	PO approved by CEO under delegation via Council resolution	Contract approved by Council, signed by CEO

Further guidance on minimum procurement approval requirements and circumstances where exemptions may apply is set out in the Procurement Procedure.