

Procurement Policy

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1. Purpose

Towong Shire Council (Council) recognises the importance of following 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, processes and procedures supporting Council's purchasing activities to provide consistency and control in the delivery of these objectives.

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.

This policy does not apply to investment of Council funds; statutory payments such as the Fire Services Property Levy; or grant moneys provided to community groups, which are not considered to be purchases of "goods, services or works".

3. Policy Details

3.1. Principles

We will apply the following principles to all procurement activities:

Best Value Outcomes

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.

Open, Fair and Unbiased

Minimum standards apply to the procurement approach in accordance with the selection methods and purchasing thresholds specified in this policy. Larger purchases require tenders to be released to the open market while smaller purchases can be made based on a smaller number of quotes, in order to balance equal opportunity for suppliers with staff effort to conduct purchasing activities. 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.

Probity and Accountability

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.

Risk Management

We will maintain appropriate controls to ensure that procurement activities are undertaken ethically, diligently and within the parameters outlined within 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 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.

The policy and implementation of internal controls will be monitored and reviewed by Council's Audit and Risk Committee, who may also provide assurance of higher value procurements.

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

Environmental Sustainability

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.

Local Sourcing

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.

3.2. Treatment of GST

All monetary values stated in this policy exclude GST.

3.3. Governance

3.3.1. Standards

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

- The *Local Government Act 2020*;
- Other relevant legislative requirements including but not limited to the *Consumer and Competition Act 2010*, *Goods Act 1958*, and the *Environment Protection Act 2017*; and
- The Victorian Local Government Best Practice Procurement Guidelines 2013;
- Council policies, including the Credit Card Policy, Councillor Code of Conduct and Employee Code of Conduct.

3.3.2. Conflicts 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.

3.3.3. Methods

Council's standard methods for purchasing goods, services and works are by:

- Petty cash;
- Corporate credit card;
- Purchase order;
- Formal written contract;
- Under aggregated purchasing arrangements through another agency (see Collaborative Procurement).

Purchasing methods may only be applied in conjunction with an appropriate quotation and evaluation process which provides best value for money, in line with the thresholds and delegations specified within this policy.

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 that this policy requires that a contract be in place (that is for purchases over \$15,000), a supplier issued contract may suffice if there are no significant risks that a Council issued contract could further mitigate. Contracts should always be signed by the supplier prior to being signed by an authorised Council representative.

When a contract is appropriate or required by this policy, a commitment to purchase, such as a purchase order, should not be signed or issued until a written contract is in place and 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.

3.3.4. Tenders

Procurements with an estimated expenditure of \$150,000 or more must be undertaken by tender unless a valid exemption is in place as specified by this policy.

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.

Tenders will at minimum be advertised online, via a publicly available tender management platform, on Council's website, and in the Border Mail They will also be published in other local

newspapers where practical and relevant. A relevant council officer may be contacted to clarify supplier questions during the tender period. Responses will be formally assessed and documented against the evaluation criteria and an evaluation report will be produced to support the final selection.

3.3.5. Exemptions from purchases requiring a purchase order

The following good and services are exempt from requiring a purchase order:

- Sundry items for staff amenities, including water, milk, newspapers;
- Sundry items less than \$1,000 in line with delegations;
- Legal advice or legal services;
- Utility accounts such as power, water, gas;
- Audit services under contract;
- Lease payments for equipment secured under contract;
- Insurance payments;
- Fuel on account;
- Australia Post;
- Bank fees;
- Subscriptions;
- Memberships;
- Waste collected from Council Landfill and to be disposed of by third parties.

3.4. Procurement Thresholds

The following methods and conditions are the minimum standards to apply to all procurement activities within each nominated spend threshold:

Spend Thresholds	Selection Method	Documentation	Evaluation Panel
Up to \$1,000	1 verbal quotation	Credit Card or Petty Cash Receipt	Not Required
>\$1,000 to \$5,000	1 written quotation	Purchase order signed by two officers* Quote(s) saved in Recfind	Not Required
>\$5,001 to \$15,000	2 written quotations	Purchase order signed by two officers* Evaluation Report Quotes and Evaluation Report saved in Recfind	Two Officers including a Director
>\$15,001 to \$75,000	Use a Request For Quotation (RFQ) to seek responses from at least 3 suppliers	Contract and purchase order signed by two officers* Evaluation Report Quotes, evaluation report and contract saved in Recfind	Two Officers including a Director
>\$75,001 to \$149,999	Public RFQ process	Contract and purchase order signed by two officers* Evaluation Report Quotes, evaluation report and contract to be saved in Recfind	Three Officers including a Director
\$150,000 and over	Public Tender process open to response from any supplier	Contract and purchase order signed by the CEO and relevant Director* Evaluation Report Tenders, evaluation report and contract to be saved in Recfind	Three Officers including a Director

* Purchase orders are to be signed by two officers of which at least one must have a sufficient financial delegation to commit to the purchase. 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. Contracts are to be signed by the supplier prior to being signed by Council's representative.

Officers may choose to publicly invite tenders for purchases with a value of less than \$150,000 if it may produce a better outcome.

3.4.1. Determining Value of Procurement

In order to determine whether a procurement exceeds the relevant procurement threshold, its value must be estimated at the start of the procurement process.

The value of the procurement must include:

- All forms of remuneration, including any premium, fees, commissions, interest and other revenue streams that may be provided for in the final contract;
- The maximum value of the proposed contract over the contracted term, including any options.

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

If it is anticipated that a procurement will be close to the procurement threshold, or if it is likely that the final value of a procurement may exceed the relevant threshold, it should be treated as if it exceeds the threshold and the higher requirements are to apply.

3.5. Evaluation Criteria

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

- Price;
- Qualifications and previous performance;
- Delivery;
- Environmental and social sustainability.

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.

3.6. Delegations

3.6.1. Staff 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 \$200,000 (the Chief Executive Officer's delegation) must be put to the Council for a decision.

POSITION	LIMIT (INCLUDING GST)
Chief Executive Officer	\$200,000
Director Corporate and Organisational Development	\$75,000
Director Infrastructure and Environment	\$75,000
Director Community and Planning	\$75,000
Deputy Director Infrastructure and Environment	\$25,000
Deputy Director Community	\$25,000
Manager Infrastructure Assessment	\$15,000
Manager Infrastructure Projects	\$15,000
Project Manager Infrastructure	\$10,000
Coordinator Works	\$10,000
Senior Asset Engineer	\$10,000
Civil Asset Engineer	\$5,000
Coordinator Circular Economy and Environment	\$5,000
Coordinator People and Culture	\$5,000
Coordinator Early Years	\$5,000
Coordinator Advocacy, Communications and Customer Service	\$5,000
Coordinator Recreation, Arts and Culture	\$5,000
Manager Finance	\$5,000
IT/GIS Officer	\$5,000
Strategic Emergency Management Coordinator	\$5,000
Coordinator Asset Inspections	\$5,000
Manager Infrastructure Design	\$5,000
Technical Officer	\$5,000
Team Leader Education	\$5,000
Team Leader Maternal and Child Health	\$5,000
Relief & Recovery Development Officer	\$5,000
Economic Development Tourism Officer	\$5,000
Customer Liaison Officer	\$2,000
Coordinator Office of the CEO	\$2,000
Project Delivery Support Officer	\$2,000
Relief & Recovery Hub Support Officer	\$2,000
Senior Customer Service Officer	\$2,000
Senior Communications & Engagement Officer	\$2,000
Senior Finance Officer (Property and Rates)	\$2,000
Assistant Accountant	\$2,000
Communications Officer	\$2,000
Human Resources Officer	\$2,000
Governance Officer	\$1,000
Communications Officer	\$1,000
Local Area Recovery Officer	\$1,000
Tourism Visitor Services Officer	\$1,000
Agricultural Officer	\$1,000
Economic Development Tourism Officer	\$1,000
Economic Recovery Officer	\$1,000
Maternal and Child Health Nurse	\$1,000
Youth Services Officer	\$1,000

POSITION	LIMIT (INCLUDING GST)
Community Development Officer	\$1,000
Early Years Centre Director	\$1,000
Occupational Health and Safety Officer	\$1,000
Ranger / Local Laws Officer	\$1,000
Records Officer	\$1,000
Team Leader Tallangatta (Outside)	\$1,000
Team Leader Corryong (Outside)	\$1,000
Transfer Station Supervisor	\$1,000
Team Leader Customer Service	\$1,000

3.6.2. Contract Variations

All contract variations must be documented by the relevant officer and approved by the Chief Executive Officer.

Where a contract variation results in the total contract value exceeding the CEO's delegation, Council delegates the approval of the variation to the CEO when:

- the variation amount is within the CEO's delegation;
- there are sufficient unallocated funds remaining within the project budget to provide for the variation.

Any such variation approvals by the CEO are to be tabled at the next available Council Meeting. Variations which are larger than the CEO's delegation must be approved by the Council; and variations that cause the total contract value to exceed the CEO's delegation and the total project expenditure to exceed the project budget must be approved by the Council.

3.7. 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, for example, there are few suppliers; the works being sought are highly specialised; or the work is of an urgent nature.

Under specific circumstances 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 of the form and in line with the guidelines provided in Attachment 1.

Procedural Exemptions must be approved by the CEO. Where the value of a Procedural Exemption exceeds the CEO's delegation, it must be approved by the Council. All approved Procedural Exemptions must be recorded on Council's records management system and reported to the Audit and Risk Committee.

3.8. 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.

3.9. 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).

4. Roles and 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	Council

5. Human Rights Charter

This policy has been considered in relation to the Victorian *Charter of Human Rights and Responsibilities Act 2006* and it has been determined that it does not contravene the Charter.

6. Breaches

Failure to comply with this Council 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.

7. Definitions and Abbreviations

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: <ul style="list-style-type: none"> • 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, usually in response to a request for quotation.
Request for quotation (RFQ)	A written process of requesting offers to supply goods and/or services involving simple documentation that specifies the requirements.
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.
Thresholds	The value above which a procurement, unless exempt, is subject to the mandatory procurement procedures.



Authorised by: _____

Juliana Phelps
Chief Executive Officer

Attachment 1: Procedural Exemptions Memo

There are limited circumstances in which there may be legitimate reasons that compliance with procurement thresholds cannot be met.

The following factors provide guidance in identifying and documenting such circumstances:

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. Support From Original Supplier – for additional property or services by the original supplier or authorised representative where a change in supplier would compel the agency to procure property or services that do not meet the requirements of compatibility with existing services. For example spare parts for vehicles and plant.

Only ONE category should be chosen when completing the procedural exemption memo.

The following factors are not reasons that justify seeking a procedural exception:

- Completion of projects prior to end of financial year. Projects should be well planned to avoid end of year deadlines.
- Desire to include only certain suppliers because of previous relationships.

Procedural Exemptions Memo

To:	
From:	
CC:	
Date:	
Topic:	

Purpose

To seek a procedural exemption from the Procurement Policy on the following grounds:

- Emergency
- Sole Supplier / Insufficient Quotes (document market testing)
- Scope Change
- Exceptionally Advantageous Time Limited Conditions
- Intellectual Property
- Support From Original Supplier

Supplier: **Insert name here**

Value: **Insert value here**

Background

Insert text here.

Issue

Insert text here.

Recommendation

Insert text here.

Prepared by:

Enter Name

Enter Date

Signature:

Approved by:

Enter Name

Enter Date

Signature: