

## Procurement Policy

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<b>Responsible officer:</b>	Director Corporate and Organisational Development
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## 1. Policy Statement

Council is committed to ensuring its purchasing practices are fair and transparent, meet legislative requirements and deliver best value outcomes to ratepayers.

## 2. Purpose

Section 186A of the *Local Government Act 1989* requires Councils to prepare, approve and comply with a procurement policy.

The purpose of the Procurement Policy is to enable consistency and control over procurement activities, to meet the following Council objectives:

- Ensure compliance with legislation;
- Establish a framework for Council to achieve best value outcomes;
- Ensure that purchasing is open, fair and unbiased;
- Achieve high standards of probity, accountability and risk management;
- Ensure that purchasing practices are socially and environmentally sustainable;
- Demonstrate accountability to ratepayers;
- Promote continuous improvement and collaboration.

## 3. 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, contractors, Councillors and related committees.

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

## 4. Policy Details

### 4.1. Principles

Council will apply the following principles to all procurement activities:

#### **Best Value Outcomes**

Council 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 defines best value.

#### **Open, Fair and Unbiased**

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

### **Probity and Accountability**

Procurement activities will be performed with integrity and in a manner able to withstand the closest possible scrutiny. The security and confidentiality of commercial interests will be maintained.

Requirements will be clearly communicated to staff and enforced through management oversight. Documentation will be maintained to ensure a clear audit trail.

### **Risk Management**

Council will ensure that risks are identified, evaluated and treated, and that systems and authorisations are in place to mitigate unethical behaviour and clearly set the parameters of responsibility and authority.

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

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

### **Reporting**

The procurement policy and implementation of related internal controls will be monitored and reviewed by Council's internal audit committee.

### **Environmental Sustainability**

Council 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**

Where equivalent value can be sourced both locally and elsewhere, the goods or services should be procured from the local supplier.

### **Continuous Improvement**

Council 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**

Council will seek and encourage the development of procurement collaboration with other councils and organisations including contracts available through the Victorian State Government, the Municipal Association of Victoria, Procurement Australia and other aggregated procurement providers as applicable.

## 4.2. Treatment of GST

All monetary values stated in this policy include GST.

## 4.3. Governance

### 4.3.1. Responsibilities

The CEO has overall accountability for organisational procurement.

The Director of Corporate and Organisational Development is responsible for the management of the procurement policy.

Implementation of the policy throughout departments is the responsibility of the respective Directors.

Delegated officers are responsible for application of the policy in their respective areas.

### 4.3.2. 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 1989*;
- Council's Credit Card Policy;
- Councillor Code of Conduct;
- Employee Code of Conduct; and,
- Other relevant legislative requirements such as but not limited to the *Consumer and Competition Act*, *Goods Act*, and *Environment Protection Act*; and
- The Victorian Local Government Best Practice Procurement Guidelines 2013.

### 4.3.3. Methods

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

- Corporate credit card;
- Purchase order following a quotation process from suppliers for goods or services that represent best value for money under direction quotation thresholds;
- Under contract following a tender process;
- Using aggregated purchasing arrangements with for example other Councils, MAV Procurement, Procurement Australia, or the Victorian Government.

Other arrangements can only be authorised by Council or the CEO under emergency circumstances, as defined in the *Local Government Act 1989*.

Council may, at its discretion and based on the complexity and cost of the project, conduct one stage or multi-stage tenders.

Typically, a multi-stage tender process will commence with a registration of interest stage followed by a tender process involving the organisations selected as a consequence of the registration of interest stage.

Registrations of interest (ROI) 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).

Additionally, Council may run sequential tenders, the first to solicit solutions, the second to compete to provide the solution selected by Council. Such sequential tenders may or may not be preceded by the registration of interest phase based on the actual needs of the project.

#### **4.3.4. Responsible financial management**

The principle of responsible financial management shall be applied to all procurement activities. Accordingly, the responsible officer will ensure the availability of existing funds within an approved budget, or source of funds, prior to the commencement of any procurement action.

Self-authorized purchase orders within delegation and to maximum value of \$5,000, including GST, are permissible. Amounts exceeding \$5,000, including GST, will need to be referred to a more senior officer with an appropriate delegation.

#### **4.3.5. 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;
- Annual subscriptions;
- Memberships;
- Waste collected from Council Landfill and to be disposed of by third parties.

#### 4.4. Procurement Thresholds

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

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

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

#### **4.4.1. 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;
- All taxes and charges, inclusive of GST (see Section 6.2);
- The maximum value of the proposed contact 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 and may result in a breach of the *Local Government Act 1989*.

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.

### **4.5. Delegations**

#### **4.5.1. Decisions Not Delegated (remain with Council)**

The following are not delegated and require Council approval:

- Signing and sealing of Contract documents;
- Tender recommendations and contract approvals for all expenditure over \$150,000; and
- Contract term extensions that require additional funds that are not approved in the budget.

#### **4.5.2. 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. This may in some circumstances require the approval by Council of a reallocation of budgeted funds.

Delegated purchasing limits are as follows:

<b>POSITION</b>	<b>LIMIT (INCLUDING GST)</b>
Chief Executive Officer	\$150,000
Director Corporate and Organisational Development	\$75,000
Director Infrastructure and Environment	\$75,000
Director Community and Planning	\$75,000
Director Relief and Recovery	\$75,000
Manager Capital Works	\$50,000
Manager Infrastructure Assessment	\$50,000
Project Manager Capital Works	\$15,000
Project Manager Infrastructure	\$15,000
Manager Works	\$15,000
Manager Relief and Recovery	\$15,000
Senior Asset Engineer	\$10,000
Coordinator Environment	\$10,000
Coordinator Organisational Development	\$ 5,000
Coordinator Family Services	\$ 5,000
Coordinator Economic Development	\$ 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
Customer Liaison Officer	\$ 2,000
Coordinator Office of the CEO	\$ 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
Local Area Recovery Officer	\$ 1,000
Tourism Services Officer	\$ 1,000
Agricultural Officer	\$ 1,000
Maternal and Child Health Nurse	\$ 1,000
Youth Services Officer	\$ 1,000
Community Development Officer	\$ 1,000
Early Years 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

#### **4.6. 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 can only be approved by the CEO and must be recorded on Council's records management system. All approved procedural exemptions are reported to the Audit and Risk Committee as a standing item on the agenda.

#### **4.7. 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.

#### **4.8. Collaborative Procurement**

Under Section 186 of the *Local Government Act 1989*, Council has the ability to authorise procurement agencies to act on its behalf to undertake collaborative procurement by way of public tender.

The Minister for Local Government has granted standing exemptions to allow Councils to access all contracts procured by Municipal Association of Victoria and Procurement Australia. When utilising Collaborative Procurement, all contracts must be awarded in accordance with Council's procurement thresholds and delegation of authority.

### **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. Monitoring, Evaluation and Review**

Review of this policy and associated documentation will occur prior to December 2021 in line with the transition to the requirements of the *Local Government Act 2020*.

## 7. Non-Compliance, Breaches and Sanctions

Failure to comply with this Council policy, supporting procedures or guidelines, will be subject to investigation which may lead to disciplinary action.

## 8. Definitions and Abbreviations

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

Term	Meaning
Conflict of interest	In Victorian local government the law provides that a staff member holding a delegation or advising council or a special committee has a conflict of interest which they must disclose in writing when they have a personal or private interest of the type specified in the legislation.
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 may be verbal or written or inferred by conduct.
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"> <li>• Firstly within the municipal boundary</li> <li>• Secondly within municipalities adjacent or near to the municipality; and</li> <li>• Thirdly within Australia.</li> </ul>
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 the procurement function.
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. An RFQ is open to response from any supplier and is published on Council's website.
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.

Term	Meaning
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:**

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**Juliana Phelps**  
Chief Executive Officer

## 9. 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

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<b>To:</b>	
<b>From:</b>	
<b>CC:</b>	
<b>Date:</b>	
<b>Topic:</b>	

### 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: