



Procurement Policy

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30 pages

Foreword

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I Principles

I.1 Background

Bass Coast Shire Council:

- Recognises that:
 - Developing a procurement policy and adopting appropriate best practice contracting and procurement principles, policies, processes and procedures for all goods, services and works by Council, will enhance achievement of Council objectives such as sustainable and social Procurement; bottom-line cost savings, supporting local economies; achieving innovation; and better services for communities.
 - The elements of best practice applicable to local government procurement incorporate:
 - broad principles covering ethics, value for money, responsibilities and accountabilities;
 - guidelines giving effect to those principles;
 - a system of delegations (i.e. the authorisation of officers to approve and undertake a range of functions in the procurement process); and
 - procurement processes, with appropriate procedures covering minor, simple procurement to high value, more complex procurement.
- Council's contracting, purchasing and contract management activities endeavour to:
 - support Council's corporate strategies, aims and objectives including, but not limited to those related to sustainability, protection of the environment, and corporate social responsibility;
 - take a long term strategic view of its procurement needs while continually assessing, reviewing and auditing its procedures, strategy and objectives;
 - provide a robust and transparent audit trail which ensures that procurement projects are delivered on time, within cost constraints and that the needs of end users are fully met;

- are conducted, and are seen to be conducted, in an impartial, fair and ethical manner;
- achieve value for money and quality in the acquisition of goods, services and works by the Council;
- ensure that risk is identified, assessed and managed at all stages of the procurement process;
- Use strategic procurement practices and innovative procurement solutions to promote sustainability and best value, in particular making use of collaboration and partnership opportunities;
- Use social procurement to enhance sustainable and strategic procurement to effectively contribute towards building stronger communities and meeting the wider social objectives of the Council;
- Comply with legislation, corporate policies or other requirements, ensuring that all staff responsible for procurement and contract management are aware of and adhere to the legislative requirements, Council standards and best practice.

1.2 Scope

This Procurement Policy is made under Section 186a of the *Local Government Act 1989*. The Act is the key legislative framework that regulates the process of all local government procurement in Victoria.

Section 186a of the Act requires the Council to prepare, approve and comply with a Procurement policy encompassing the principles, processes and procedures applied to all purchases of goods, services and works by the Council.

This policy applies to all contracting and procurement activities at Council and is binding upon Councillors, Council Staff and temporary employees, contractors and consultants while engaged by the Council.

The Act and the Procurement Policy of the Council is the primary reference point for how all procurement should be performed.

1.3 Purpose

The purpose of this Policy is to:

- provide policy and guidance to the Council to allow consistency and control over Procurement activities;
- demonstrate accountability to rate payers;

- provide guidance on ethical behaviour in public sector purchasing;
- demonstrate the application of elements of best practice in purchasing; and
- increase the probability of obtaining the right outcome when purchasing goods and services.

I.4 Treatment of GST

All monetary values stated in this policy include GST except where specifically stated otherwise.

I.5 Definitions and Abbreviations

| Term | Definition |
|--------------------------|---|
| Act | <i>Local Government Act 1989.</i> |
| Best Value | <p>Best value in Procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:</p> <ul style="list-style-type: none"> • contribution to the advancement of the Council's priorities; • non-cost factors such as 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. |
| Budget Allocations | Budget allocations means current allocated budgets, including allocations in the adopted Strategic Resource Plan (SRP). |
| Category Management | A 'Category' is an area of spend determined by known market boundaries separating different products, services or industries. Category management recognises that suppliers within a certain market are likely to have similarities which enable a tailored approach to procurement. |
| Commercial in Confidence | Information that, if released, may prejudice the business dealings of a party e.g., prices, discounts, rebates, profits, |

methodologies and process information.

| | |
|---------------------------------------|---|
| Contract Management | The process that ensures both parties to a contract that fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular, to provide value for money. |
| Council Staff | Includes full-time, part-time and casual Council Staff, and temporary employees, volunteers, contractors and consultants while engaged by the Council. |
| Corporate Social Responsibility (CSR) | Corporate Social Responsibility (CSR) is about taking positive action to demonstrate the Council's commitment to the local community and environment on which it impacts. |
| e-Procurement | e-Procurement is integral to the overall development of procurement processes and involves the use of an electronic system/s to acquire and pay for supplies, services` and works. |
| Expression of Interest (EOI) | An invitation for persons to submit an EOI for the provision of the Goods and/or Services generally set out in the overview of requirements contained in the document. This Invitation is not an offer or a contract |
| Probity | Within Local Government, the word "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. |
| Request for Proposal (RFP) | A request for proposal is generally sent to the supplier market, designed to capture commercial information and pricing. Allows Council to assess suitability and evaluate |

responses against a set of pre defined requirements.

| | |
|--------------------|---|
| Sustainability | Activities that meet the needs of the present without compromising the ability of future generations to meet their needs. |
| Social Procurement | Social Procurement uses Procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works. |
| Tender Process | The process of inviting parties to submit a quotation by tender using public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer. |

2 Effective Legislative and Policy Compliance and Control

2.1 Ethics and Probity

2.1.1 Requirement

Council's Procurement activities shall be performed with integrity and in a manner able to withstand the closest possible audit scrutiny.

2.1.2 Conduct of Councillors and Council Staff

2.1.2.1 General

Councillors and Council staff shall at all times conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity and will:

- treat potential and existing suppliers with equality and fairness;
- not seek or receive personal gain;
- maintain confidentiality of Commercial in Confidence information and other sensitive information;
- present the highest standards of professionalism and probity;
- deal with suppliers in an honest and impartial manner that does not allow conflicts of interest;

- provide all suppliers and tenderers with the same information and equal opportunity; and
- be able to account for all decisions and provide feedback on them.

2.1.3 Tender Processes

All tender processes shall be conducted in accordance with the requirements of this policy and any associated procedures, relevant legislation, relevant Australian Standards and the Act.

2.1.4 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 involved in the procurement process, in particular preparing tender documentation, including writing tender specifications, tender opening, and tender evaluation panels, 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, or 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 exercise
- **Observe** prevailing Council, Victorian Government Purchasing Board (VGPB) and Local Government Victoria (LGV) on how to prevent or deal with conflict of interest situations; and not take advantage of any tender related information whether or not for personal gain.

2.1.5 Fair and Honest Dealing

All prospective contractors and suppliers must be afforded an equal opportunity to tender or quote.

Impartiality must be maintained throughout the procurement process so it can withstand public scrutiny.

The commercial interests of existing and potential suppliers must be protected.

Confidentiality of information provided by existing and prospective suppliers must be maintained at all times, particularly commercially sensitive material such as, but not limited to prices, discounts, rebates, profit, manufacturing and product information.

2.1.6 Gifts and Hospitality

No Councillor or member of Council staff shall, either directly or indirectly solicit or accept gifts or presents from any member of the public involved with any matter that is connected with the duties of the officer, or in which the Council is interested.

Councillors and Council staff must exercise the utmost discretion in accepting hospitality from contractors or their representatives, or from organisations, firms or individuals with whom they have official dealings. Councillors and Council staff should also avoid the ambiguous situation created by visiting the premises of a contractor, organisation, firm or individual uninvited and/or not on official business.

Offers of bribes, commissions or other irregular approaches from organisations or individuals (no matter how flimsy the evidence available), must be promptly brought to the attention of the CEO.

The Chief Executive Officer to maintain a register of such approaches.

2.1.7 Disclosure of Information

~~Commercial in-confidence information received by the Council must not be disclosed and is to be stored in a secure location.~~

~~Councillors and Council staff are to protect commercial in-confidence information, by refusing to release or discuss the following:~~

- ~~• allocated Council budgets for proposed tenders;~~
- ~~• information disclosed by organisations in tenders, quotation or during tender negotiations;~~
- ~~• all information that is Commercial in Confidence information; and~~
- ~~• pre-contract information including but not limited to information provided in quotes and tenders or subsequently provided in pre-contract negotiations.~~

~~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.~~

Unless agreed in writing by the Tenderer or, where Council has provided written notice of its intention to disclose general and non-specific information or an opinion obtained through the tender procurement process, Council shall not disclose and treat as Commercial in confidence

2.2 Governance

2.2.1 Structure

The Council shall:

- establish formal procurement approvals and a delegations structure that is nominated in the Instrument of Delegations and detailed in the Procurement Delegations Framework and Procurement Manual. This will ensure accountability and auditability of all procurement decisions made over the lifecycle of all goods, services and works;
- ensure that the Councils' procurement structure:
 - is flexible enough to purchase in a timely manner the diverse range of material, goods, works and services required by Council;
 - ensures that prospective contractors and suppliers are afforded an equal opportunity to tender/quote; and
 - encourages competition.

2.2.2 Standards

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

- The Act,
- The Council's policies,
- The Council's Code of Conduct,
- Local Government Procurement Best Practice Guidelines
- Other relevant legislative requirements such as but not limited to the Trade Practices Act, Goods Act and the Environmental Protection Act.

2.2.3 Methods

The Council's standard methods for purchasing goods, services and works shall be by some or all of the following methods:

- purchasing card;
- purchase order following a quotation process from suppliers for goods or services that represent best value for money under directed quotation thresholds;
- under contract following a tender process;

- using aggregated purchasing arrangements with other councils, MAV Procurement, Procurement Australia, Victorian Government, the Construction Suppliers Register or other bodies; and
- other arrangements authorised by the Council or the CEO on a needs basis as required by abnormal circumstances such as emergencies

The Council may, at the CEO's 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 an expression of interest stage followed by a tender process involving the organisations selected as a consequence of the registration of interest stage.

2.2.4 Responsible Financial Management

The principle of responsible financial management shall be applied to all procurement activities.

Accordingly, to give effect to this principle, the availability of existing funds within an approved budget, or source of funds, shall be established prior to the commencement of any procurement action for the supply of goods, services or works.

Council staff must not authorise the expenditure of funds in excess of their financial delegations.

Council staff must not disclose allocated tender budgets to suppliers.

Council funds must be used efficiently and effectively to procure goods, services and works and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this Policy.

2.3 Procurement Processes and Thresholds

2.3.1 Process

Council procurement processes are based on a number of principles:

- **Best Value**

The benefits of the purchase are weighted against the costs necessary for the optimum result for the Council and local community. The Council is not required to accept the lowest tender. Instead, the Council is required to take into account issues of quality, cost, the accessibility of the service and other factors relevant to both the overall objectives of the *Local Government Act 1989*.

Best value is often mistaken for meaning the lowest price, however, in terms of the contracting process, best value requires us to balance quality and price with as much transparency as is reasonably achievable. In this context price should take into account the whole life cost of the provision so far as is practicable. It follows that the delivery of best value is dependant upon Council priorities.

Achieving best value also requires *challenging* the need for the procurement and the way in which the service may be reconfigured to achieve improvements in service delivery, comparing service provision options against all those available, consulting with key stakeholders and ensuring competition in the open market.

Achieving best value for money must be the basis of all procurement decisions within the Council.

- **Open and Fair Competition**

All suppliers are treated fairly in an open and transparent manner and have access to the same information.

- **Accountability**

The Council maintains consistency in the approach to procurement across the whole organisation through coherent frameworks, policies and procedures.

Accountability in procurement means being able to explain and provide evidence on the process followed. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

Therefore the processes by which all procurement activities are conducted will be in accordance with this Procurement Policy and associated relevant Council policies, procedures and manuals.

Additionally:

- all Council staff must be able to account for all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council and provide feedback on them; and
- all procurement activities are to provide an audit trail for monitoring and reporting purposes.

- **Risk Management**

Strategies for managing risks associated with all procurement processes are in place and consistent.

- **Probity and Transparency**

All Council procurement processes must be conducted in a fair, honest and open manner, with the highest levels of integrity and in the public interest

2.3.2 Minimum Spend Competition Thresholds

Any Council procurement under the threshold must comply with the Council's own policy and procedures.

The Council will from time to time decide and publish in this policy clear guidelines for minimum spend competition thresholds. These will be decided by the Council by analysing the historical size and complexity of the procurement activity and of proposed procurement activities.

All Bass Coast Shire Council procurement activities must comply with this policy and in accordance with Bass Coast Council's documented authorised delegations schedule/instrument, Delegation Framework and the Procurement Manual. The only exception to this is when an emergency declared, invoking emergency procurement as detailed in section 2.5.1 Emergency Procurement.

Procurement activities must not be split into smaller amounts to circumvent the thresholds or financial delegate levels and must be calculated on total cost of ownership (including options to extend the contract, contingency and travel or out of pocket expenses).

2.3.2.1 Tenders

Purchase of all goods, services and works for which the estimated expenditure exceeds the compulsory tender thresholds pursuant to Section 186 of the *Local Government Act 1989*, must be undertaken by public tender.

The tender thresholds shall apply for two financial accounting periods.

However, if the CEO consider that the nature of the requirement and the characteristics of the market are such that the public tender process would lead to a better result for the Council, public tenders may be called for the purchase of goods, services or works for which the estimated expenditure is below the thresholds.

~~As a general rule Council does not accept late tenders, with the exception being where it can be substantiated that there was a Council related system failure/ interruption during submission of an electronic tender OR access was denied or hindered in relation to the physical tender box prior to the tender closing time and date.~~

~~Where it can be determined that the above circumstance prevailed at the time of attempted lodgement, Council may accept the late tender, and this is to be approved by the Chief Executive Officer.~~

The judgment of Council as to the actual time that a Tender is lodged is final. A Tender lodged after the Closing Time may be a non-complying Tender and, at the discretion of Council, not accepted. It will be registered separately as a 'Late Tender'. Council will notify the Tenderer if its Tender is a Late Tender. Lodgement of Tenders prior to the Closing Time is entirely the Tenderer's responsibility.

An exemption can be obtained to not go to public tender. This must be discussed and documented with the Coordinator Procurement & Fleet and endorsed by the Manager Finance, the Chief Executive Officer and Council. Exemptions from public tender must then be approved by the Minister for Local Government.

2.3.2.2 Quotations

Purchase of goods, services and works having a total value below the public tender thresholds may be undertaken using the procurement by quotation method as described below in Table I below:

Table I

| Expenditure (GST inclusive) | Minimum Requirement |
|------------------------------------|--|
| Up to \$5,000 | One verbal quote or written quote - a written quote is preferable for verification purposes |
| \$5,000 to \$25,000 | Two written quotes |
| \$25,000 to \$50,000 | Three written quotes |
| \$50,000 to \$100,000 | Three written quotes using Procurement quotation package (<i>Contact Procurement & Fleet Team</i>) |
| \$100,000 to \$150,000 | Formal Quotation/Tender Process (<i>Contact Procurement & Fleet Team</i>) |

The definition of a verbal and written quote is specified in the Procurement Manual. All written quotations received must be recorded and documented in Council's Records system.

- Public Advertising.

Quotations may be advertised at the Council staff member's discretion in addition to the methods above. This may occur when a field of potential tenderers hasn't been established, or an innovative approach is required, or the project has broad appeal that may attract keen prices, etc.

2.3.2.3 Purchasing Cards

Purchasing cards are available for Council officers which must be used in accordance with Bass Coast Shire Council's Purchasing Card Policy and are not to be used for personal use.

2.3.2.4 Petty Cash

A petty cash system operates to reimburse legitimate, urgent and operational business expenses incurred by Council officers in the conduct of Bass Coast Shire Council activities.

The maximum claim for petty cash is \$100 and must be authorised by the requesting officer's supervisor.

2.4 Delegation of Authority

2.4.1 Requirement

Delegations define the limitations within which Council staff are permitted to work. Delegation of procurement authority allows specified Council staff to approve certain purchases, quotation, tender and contractual processes without prior referral to the Council. This enables the Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

2.4.2 Delegations

2.4.2.1 Council Staff

Council's Instrument of Delegations, Procurement Manual and Procurement Delegation Framework outline the authorised procurement delegations, identifying Council officers authorised to make procurement commitments in respect of goods, services and works on behalf of Bass Coast Shire Council.

2.4.2.2 Delegations Reserved for the Council

Commitments and processes which exceed the CEO's delegation and which must be approved by the Council are:

- Tender recommendations and contract approval for all expenditure over \$250,000 (including GST) for goods, services, design or construction works in value.
- Variations and contract term extensions that exceed the budget allocations contained within the annual adopted budget.

2.4.2.3 Emergency/Critical Incidents

In the event an emergency is declared, Council is not bound by the requirements set out in section 186A Local Government Act 1989. Contract can be entered into without a preceding tender process.

Emergency procurement aims to accommodate urgent procurement needs whilst ensuring that procurement processes adopted are reasonable and conducted with appropriate consideration of the standard procurement principles.

In the event of an Emergency being declared, the process for procuring works, goods and services is to:

- Take into account value for money, accountability and probity to the extent that they can be applied given the severity and urgency of the incident;
- Records of all procurement and decisions are to be documented and disclosure of the value of goods and services procured for the emergency are reported to Council upon request; and
- Delegation is given to the Chief Executive Officer to approve required contracts entered into because of the emergency to avoid delays in responding to the emergency.

2.5 Internal Controls

The Council will maintain the Procurement Manual will detail the internal controls over procurement processes that will ensure:

- more than one person is involved in and responsible for a transaction end to end;
- transparency in the procurement process;
- a clearly documented audit trail exists for procurement activities;
- appropriate authorisations are obtained and documented; and
- systems are in place for appropriate monitoring and performance measurement.

2.6 Risk Management

2.6.1 General

Risk Management is to be appropriately applied at all stages of procurement activities. This will be properly planned and carried out in a manner that will protect and enhance the Councils capability to prevent, withstand and recover from interruption to the supply of goods, services and works.

2.6.2 Supply by Contract

The provision of goods, services and works by contract potentially exposes the Council to risk.

The Council will minimise its risk exposure by measures such as:

- standardising contracts to include current, relevant clauses;
- requiring security deposits 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); and
- effectively managing the contract including monitoring and enforcing performance.

2.7 Contract Terms

All contractual relationships must be documented in writing based on standard terms and conditions.

Where this is not possible, approval must be obtained from the Coordinator of Procurement & Fleet and the relevant General Manager.

To protect the best interests of the Council, terms and conditions must be settled in advance of any commitment being made with a supplier. Any exceptions to doing this expose the Council to risk and thus must be authorised by the appropriate member of Council staff listed in the Council Delegations Framework.

2.8 Dispute Resolution

All Council contracts shall incorporate dispute management and alternative dispute resolution provisions to minimise for legal action.

2.9 Category Management

The Council has a Category Management approach to procurement which brings together expertise from across the Council to identify the most appropriate and effective approach to deliver the Council's outcomes through sourcing and supply arrangements.

The main objective of category management is to reach a point where all or a very high percentage of the Council's spend within a category is being channeled through approved arrangements, aligned with strategic priorities such that value is maximised on every dollar of expenditure.

2.10 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; and
- 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.

2.11 e-Procurement

e-Procurement is integral to the overall development of procurement processes and involves the use of an electronic systems to acquire and pay for supplies, services` and works.

By utilising e-procurement the Council aim to:

- reduce transaction costs;
- achieve greater leverage;
- make processes more efficient;
- improve management information and visibility of spend;
- increasing control and consistency of processes; and
- improve spend compliance.

3 Demonstrate Sustained Value

3.1 Integration with Council Plan

The Council Procurement Policy, Manual and processes shall support its corporate plan, aims and objectives, including but not limited to those related to sustainability, protection of the environment, corporate social responsibility and meeting the needs of the local community such as:

- feeling safe,
- living in a clean and pleasant environment, and
- receiving good quality and well managed Council services that are Value for Money

3.2 Achieving Best Value

3.2.1 Requirement

The Council's procurement activities will be carried out on the basis of obtaining best value.

This means minimising the total cost of ownership over the lifetime of the requirement consistent with acceptable quality, reliability and delivery considerations. Lowest price is not the sole determinate of best value.

3.2.2 Approach

This will be facilitated by:

- developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout the lifecycle;
- effective use of competition;
- using aggregated contracts where appropriate;
- identifying and rectifying inefficiencies in procurement processes;
- developing cost efficient tender processes including appropriate use of e-solutions;

- Council staff responsible for providing procurement services or assistance within the Council providing competent advice in terms of available products and agreements; and
- 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.

3.2.3 Role of Specifications

Specifications used in quotations and tenders are to support and contribute to the Council's Value for Money objectives by being written in a manner that:

- ensures impartiality and objectivity;
- clearly defines the Council's requirements;
- encourages the use of standard products;
- encourages sustainability; and
- eliminates unnecessarily stringent requirements

3.3 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

Procurement procedures, practices and costs will be benchmarked externally. Internal service standards will be agreed within the Council and performance against these targets will be measured and reviewed regularly to support continuous improvement.

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.

3.4 Corporate Social Responsibility

Corporate Social Responsibility (CSR) is about taking positive action to demonstrate the Council's commitment to the local community and environment on which it impacts. This means maximising the benefits of the services the Council provide across the community and minimising the negative aspects of their activities.

The Council integrates CSR into its organisational policies and practices through social procurement, sustainability and diversity.

3.4.1 Social Procurement

Social Procurement generates positive outcomes by building on initiatives already undertaken by the Council in enhancing sustainable and strategic procurement practice, further enabling procurement to effectively contribute towards building stronger communities and meeting the social objectives of the Council.

The Council is committed to Social Procurement by:

- Ensuring all procurement practices are sustainable and strategically aligned with the wider Council objectives;
- Achieving greater value for money across the community through the use of effective procurement;
- Ensuring all businesses have the same opportunity to tender for Council contracts;
- Enhancing partnerships with other Councils, suppliers and community stakeholders;
- Building and maintaining a strong community by exploring ways to generate local employment (particularly among disadvantaged residents) and further strengthening the local economy; and
- Purchasing ethical and fair trade goods to support equitable, local, national and international trade.

3.4.1.1 No Business in Abuse

Council recognises its commitment to No Business in Abuse, and will endeavour to only do business with entities that:

- Have zero tolerance for child abuse, in policy and practice;

- Respect for peoples fundamental rights to freedom from arbitrary and indefinite detention;
- Do not treat people in a cruel, inhumane or degrading manner; and
- Commit to transparency and independent monitoring to ensure these principles are upheld.

3.4.1.2 Local Sourcing

Council recognises that it is a major purchaser of goods, services, design and construct works within the municipality, and is keenly aware that its procurement policies, practices and processes have the potential to influence the local economy.

Council recognises the benefits of purchasing locally, and is committed to increasing and promoting a sustainable the Bass Coast Shire economy. To achieve this, Council will use its best endeavours to support the local community including business and industry within the Bass Coast Shire, and maximise local opportunities by means that consistent with achieving demonstrated sustained value.

Council will include the tender evaluation criteria of 'Benefit to Bass Coast Shire economy' where the purchasing of goods and services and/or design and construct works (whether or not subject to tender) is likely to have an impact on the Bass Coast Shire economy and/or local jobs.

Further to this, Council recognises the benefits for purchasing within the Gippsland region, and where possible Council will use its best endeavours to support the region. The previously mentioned tender evaluation criteria of 'Benefit to Bass Coast Shire economy' will also provide for benefit to the regional economy.

3.5 Sustainability

3.5.1 General

The Council is committed to achieving sustainability and ensuring it monitors and reports on Council activities and programs that have an impact on or contribute to the environment including but not limited to the following:

- waste management,
- recycling,
- energy management,
- emission management,

- water conservation,
- green building design, and
- procurement.

3.5.2 Sustainable Procurement

The Council recognises it has an implicit role in furthering sustainable development, through its procurement of goods, and services and works.

In addition, the Council recognises the potential impact this spend has on the environment and where applicable will integrate sustainability, environmental and social issues into the procurement process. The Council aims to achieve this by:

- Taking into account the need to minimise emissions and reducing the negative impacts of transportation when purchasing goods and services
- Taking steps to minimise carbon dioxide and other greenhouse gas emissions through the detailed consideration of products and services procured
- 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
- Giving a preference to Fairtrade, or equivalent, and ethically sourced and produced goods and services
- Working more effectively with local suppliers to ensure they are encouraged to bid for the Council's business in line with the Procurement Policy.
- Ensuring all relevant procurement contracts and tenders contain sustainability specifications as appropriate to the product or service being procured.
- Comply with all Australian regulations and legislation and ensuring our suppliers do the same
- Training all Council staff on sustainability considerations within the procurement process

3.6 Diversity

Promoting equality through procurement can improve competition, best value, the quality of public services, satisfaction among users, and community relations. It should be a consideration in every procurement project and reflect corporate commitment to diversity and equal opportunities wherever possible.

4 Apply a Consistent and Standard Approach

The Council will provide effective and efficient commercial arrangements for the acquisition of goods, services and works.

4.1 Standard Processes

The Council will provide effective commercial arrangements covering standard products and provision of standard services across the Council to enable employees to source requirements in an efficient manner.

This will be achieved via establishing the following:

- Use of Council's Pre-Qualified Suppliers where possible;
- Pricing where relevant;
- Processes, procedures and techniques;
- Tools and business systems (e.g. implementing appropriate e-tendering, e-evaluation; e-catalogue or e-sourcing arrangements);
- Reporting requirements; and
- Application of standard contract terms and conditions.

4.2 Performance Indicators

Council has a list of performance indicators to measure procurement performance. They include criteria such as:

- The proportion of spend against corporate contracts
- User and supplier satisfaction levels

- Knowledge and skill of Council employees in procurement process
- Level of compliance and understanding of Council procurement policies
- Measuring the success of procurement initiatives.

4.3 Management Information

The Council seeks to improve its' performance by capturing and analysing procurement management information in a variety of areas, including:

- Volume of spend
- Number of transactions per supplier
- Compliance
- Supplier performance
- User satisfaction
- Category management
- Green spend

The Council will also use external sources of management information to assist with the development of this Procurement Policy, the Procurement Manual and other procurement processes and procedures; including:

- Benchmarking data;
- Information from professional bodies such as the Chartered Institute of Purchasing and Supply Australia; and
- Supplier reports.

5 Build and Maintain Supply Relationships

Council recognises that in order to achieve sustainable value, a strategic assessment of the appropriate 'channel to market' should be undertaken – whether to go to market on its own, participate in regional or sector aggregated projects or panels, access State Government panel agreements or other means. Council will consider supply arrangements that deliver the best value outcomes in terms of time, expertise, cost, value and outcome.

5.1 Developing and Managing Suppliers

Developing and managing suppliers is essential to achieving a competitive market capable of delivering the Council's services and works requirements.

Council need to interact with the market and our suppliers in particular to understand their views and what enables and encourages diverse parts of the market to bid for work with the Council. At the same time Council will ensure that our relationship with strategic suppliers is mutually productive and that goals are shared. Council aim to develop a relationship with suppliers that creates mutually advantageous, flexible and long term relations based on the quality of performance and financial savings.

5.2 Supply Market Development

A wide range of suppliers should be encouraged to compete for Council work. The focus for new work need not always be with the larger more familiar businesses. Other types of organisations offering business diversity include:

- Local businesses;
- Green suppliers;
- Small to medium sized enterprises (SME's);
- Social enterprises;
- Ethnic and minority business; and
- Voluntary and community organisations.

5.3 Relationship Management

The Council is committed to developing constructive long-term relationships with suppliers. It is important that the Council identifies its key suppliers so that its efforts are focused to best effect. Such areas may include:

- Size of spend across the Council;
- Criticality of goods / services, to the delivery of the Council's services;
and
- Availability of substitutes.

5.4 Communication

External communication is very important in ensuring a healthy interest from potential suppliers and partners to the Council. Council's website will be updated and provide:

- Information about Council and how to become an pre-qualified supplier;
- A list of existing and forthcoming tender opportunities, projected over a number of years;
- Guidelines for doing business with Council;
- Standard documentation used in the procurement process; and
- Links to other relevant sites.

6 Review Process

The Council endeavours to continually improve its procurement performance such that all relevant policies, guidance and training are continually reviewed and updated. The effectiveness of this approach will be measured and reported upon annually.

7 Policy Owner and Contact Details

The Coordinator Procurement, Fleet and Facilities, Bass Coast Shire Council is the designated owner of this policy.

For further information on the policy, please contact via email tenders@basscoast.vic.gov.au or phone 03 5671 2132.

Approval

| | |
|--|------------------------|
| Approved by Council at its meeting held on | Date/...../..... |
| Signed by the Mayor (Cr Pamela Rothfield)..... | |
| | Date/...../..... |

Procurement Delegations Framework

In accordance with section 2.3.2 and 2.4.2.1 of Council’s Procurement Policy, the Procurement Delegations Framework has been developed. The Procurement Delegations Framework is modelled from the Best Practice Procurement Guidelines, while also taking into account Bass Coast Shire Council’s requirements.

This Framework allows for efficient decision-making at the appropriate level of Council, while also ensuring the continuity of business.

Purchasing Decisions and Commitments

The following two (2) tables outline the Purchasing and Contract Award delegations. The delegated authorities ultimately make decisions and commitments for concerning Council expenditure.

1.1 Purchasing Delegations

Table 1

| Expenditure (GST inclusive) | Delegated Authority |
|-----------------------------|-------------------------|
| Up to \$25,000 | Coordinator |
| \$25,000 to \$100,000 | Manager |
| \$100,000 to \$150,000 | General Manager |
| \$150,000 to \$250,000 | Chief Executive Officer |
| > \$250,000 | Council |

1.2 Contract Award Delegations

Table 2

| Expenditure (GST inclusive) | Delegated Authority |
|-----------------------------|---------------------|
| Up to \$250,000 | CEO |
| > \$250,000 | Council |

Internal Controls

The following tables outline the internal controls Council has in place with regard to quotations and contracts that have been, or will be, authorised in accordance with that set out in Table 1 and Table 2.

2.1 Procurement Exemptions Delegations

Procurement Exemptions are utilised when Council's Procurement Requirements (as detailed in the Procurement Policy and Procurement Manual) cannot be met.

Table 3

| Expenditure (GST inclusive) | Endorsed By | Delegated Authority |
|--|--|---|
| Up to \$100,000 | Coordinator Procurement & Fleet or Manager Finance | General Manager |
| \$100,000 to \$150,000 | | CEO |
| > \$150,000 goods/services or > \$200,000 works | | Council followed by Ministerial Exemption (Contact Procurement and Fleet Team) |

2.2 Contract Extension Delegations

Contract Extensions are in accordance with the terms of the contract. A contract may only be extended in accordance with any extension options included within the terms of a contract as awarded by Council.

Table 4

| Expenditure (GST inclusive) | Delegated Authority |
|-----------------------------|---------------------|
| Up to \$1M | GM |
| > \$1M | CEO |
| Outside budget allocations | Council |

2.3 Contract Variations Delegations

Contract Variations are unanticipated, additional costs that are within the scope of the Contract. The below table is to be applied to the total accumulated value of variations for any contract.

Table 5

| Expenditure (GST inclusive) | Endorsed By | Delegated Authority |
|--|----------------------------|---------------------|
| Up to 10% of contract value & within budget allocations | Contract Superintendent | Manager |
| > 10% of contract value & within budget allocations | | General Manager |
| Outside budget allocations | | Council |

2.4 Purchases under Annual Supply Contracts and/ or MAV and Procurement Australia Contracts

Purchases under Council Annual Supply Contracts are in accordance with the awarded schedule of rates and are utilised on an as needs basis. Purchases under MAV and Procurement Australia contracts are exempt from the Local Government Act 1989 (S. 186(5A)), as they are awarded as the result of a public tendering process. All purchasing under these Contracts are in accordance with the awarded schedule of rates. All expenditure is within the allocated budget.

Table 6

| Expenditure (GST inclusive) | Delegated Authority |
|--------------------------------|---------------------|
| Up to \$25,000 | Coordinator |
| \$25,000 to \$100,000 | Manager |
| > \$100,000 | Manager Finance |

2.5 Contract Payment Delegations

Contract Payments are in accordance with the awarded contracts bill of quantities, schedule of rates or lump sum amounts.

Table 7

| Expenditure (GST inclusive) | Delegated Authority |
|---|---|
| Within the allocated contract sum | Contract Supervisor & Manager |
| Outside the allocated contract sum | See 2.3 Contract Variations Delegations |

2.6 Summary of Quotations

A Summary of Quotations describes the quotation process undertaken, the evaluation and the recommended supplier.

Table 8

| Expenditure (GST inclusive) | Processes Approved By |
|---|---------------------------------|
| Up to \$50,000 | Coordinator Procurement & Fleet |
| \$50,000 to \$150,000 | Manager Finance |
| > \$150,000 goods/services or > \$200,000 works | NA |

2.7 Initiation to Tender/Quote (ITQ) Delegations

The Initiation to Tender / Quote process is an internal control to ensure that the tender or quote meets certain requirements (i.e. allocated budget) before proceeding to advertisement or issue of the tender or quote.

Table 9

| Estimated Expenditure (GST inclusive) | Delegated Authority |
|---------------------------------------|---------------------|
| Up to \$50,000 | Manager |
| > \$50,000 | General Manager |

Approval

| | |
|--|------------------------|
| Approved by Council at its meeting held on | Date/...../..... |
| Signed by the Mayor (Cr Pamela Rothfield)..... | |
| | Date/...../..... |