

Procurement Policy 2020

Preamble

This Procurement Policy has been developed in accordance with *Section 186 a* of the *Local Government Act 1989* (the Act). This Act, which has now been replaced by the *Local Government Act 2020*, will continue to govern the Procurement legislative framework until June 2021 in Victoria.

Section 186 a 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 (including temporary employees), contractors and consultants while engaged by the Council.

Policy objectives

The Procurement policy has been developed to

- provide guidance to the Council that ensures consistency and control over Procurement activities;
- demonstrate accountability to ratepayers;
- provide guidance on ethical behaviour in public sector procurement;
- demonstrate the application of best practice procurement; and
- increase the probability of obtaining the right outcome when procuring goods and services.

Definitions and abbreviations

Term	Definition
Act	<i>Local Government Act 1989.</i>
Best Value	Best value in Procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including: <ul style="list-style-type: none">• 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 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 in which it affects.

e-Procurement e-Procurement is integral to the overall development of procurement processes and involves the use of electronic system 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

Evaluation Criteria The criteria used to evaluate and rank tender responses. All evaluation criteria must be clearly stated in the request for quotation (RFQ) documentation

Probity Is the evidence of ethical behaviour commonly associated with the practice of adopting and following well-considered procedures and processes to ensure that procurement decisions are fair, transparent and defensible. Probity relies

on transparency and honesty in the procurement process.

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Probity Advisor

A probity advisor provides an independent scrutiny of a procurement process and expresses an objective opinion on whether the prescribed probity requirements have been adhered to.

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 represents the use of Procurement processes and purchasing power to generate positive social outcomes and value 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.

Treatment of GST

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

Policy Statement

Bass Coast Shire Council recognises that:

- Developing a procurement policy, 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, procurement that is more complex.
- 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.

Procurement Principles

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 as is practicable. It follows that the delivery of best value is dependent 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.

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 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 are 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.

Sustainability

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,

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 environmental sustainability and social benefits 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 a minimal impact 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

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 affects. 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.

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:

- Identifying opportunities for procurement models that deliver social benefits to the community
- Developing partnerships with community stakeholders and not-for-profit organisations;
- 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.

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 people's fundamental rights to freedom from arbitrary and indefinite detention;
- Do not treat people in a cruel, inhumane or degrading manner;
- Commit to transparency and independent monitoring to ensure these principles are upheld; and
- Complies with the Modern Slavery Act 2018 by having zero tolerances for modern slavery practices such as human trafficking, slavery, forced labour, child labour and slavery like practices.

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.

Open and Fair Competition

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

Ethics and Probity

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

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;
- only invite quotations and tenders where there is a clear intent to procure the goods/services/works in the near future;
- provide all suppliers and tenderers with the same information and equal opportunity;
- be able to account for all decisions and provide feedback on them; and
- report matters if they are concerned that improper conduct is being undertaken, this includes:
 - Corrupt conduct
 - A substantial mismanagement of public resources
 - A substantial risk to public health or safety; and
 - A substantial risk to the environment

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.

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.

Commercial in Confidence

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 or procurement process, Council shall not disclose information deemed to be Commercial in confidence.

Gifts and Hospitality

Council will maintain a Gifts, Benefits and Hospitality Policy. The Gifts, Benefits and Hospitality Policy provides clarity on when gifts, benefits or hospitality can and cannot be accepted and the process for accepting, declining and recording gifts.

Accountability

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.

Governance

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.

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.

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.

Responsible Financial Management

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

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.

Risk Management

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

Procurement Thresholds

Any Council procurement under the Act's 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 be in accordance with Bass Coast Council's documented authorised delegations schedule/instrument, Procurement Delegation Framework and the Procurement Manual. The only exception to this is when an emergency declared, invoking emergency procurement as detailed in section Emergency/Critical Incidents.

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).

Tenders

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.

The purchase of goods and services for which the estimated expenditure exceeds \$150,000 (including GST), and building and construction works for which the estimated expenditure

exceeds \$200,000 (including GST) must be undertaken by public tender, as per the thresholds contained in the Act.

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 Chief Financial Officer, the Chief Executive Officer and Council. Exemptions from public tender must then be approved by the Minister for Local Government.

Receipt of Tenders

Tender submissions must be received via the electronic tender box, or in hard copy through the physical tender box if specified in the tender document, by the specified closing time.

As a general rule Council does not accept received tenders after the specified closing time, 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.

Opening of Tenders

Tender submissions are opened in the presence of two Council officers independent of the tender, one of whom is an officer from the Procurement Department. Tenders are recorded and signed by the officers present at the tender opening.

Selection Criteria

The selection criteria is based on the individual project/procurement priorities. The criteria must be established and agreed prior to the tender officially open to the market, and must be included in the Tender document.

Evaluation Panels

A Tender Evaluation Panel will be established to evaluate each tender against the selected criteria. The Evaluation Panel will comprise of at least three members, and may include external parties who specialise in the area.

All members, including the chairperson, must complete a 'Conflict of Interest and Confidentiality' Declaration.

Tender evaluation panels will produce a written report of their evaluation using the appropriate prescribed template

Probity Advisor

Council will consider the appointment of a probity advisor for tender requests based on the nature and complexity of the proposed procurement.

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 \$2,000	One verbal quote
\$2,000 to \$10,000	One written quote
\$10,000 to \$50,000	Two written quotes
\$50,000 to \$100,000	Three written quotes using Procurement Quote Forms
\$100,000 to \$150,000	Formal Quotation/Tender Process (<i>Contact Procurement & Fleet Team</i>)
Over \$150,000	Formal 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 has not been established, or an innovative approach is required, or the project has broad appeal that may attract keen prices, etc.

Acceptable Exemption Justifications

The following list are acceptable justifications for not meeting the procurement requirements as detailed in Table I above:

1. In the case of an emergency or critical incident where public safety is at risk;
2. Where you can sufficiently demonstrate you have tried to seek the required amount of quotes but no response received within timeframes;
3. Where insufficient quotes were submitted and the goods, services or works have been publicly advertised;

4. Where it can be sufficiently demonstrated there is an absence of competition for technical reasons i.e. sponsorship;
5. For additional delivery of goods and services that are intended either as replacement parts, extensions or continuing services for existing equipment, software, services or installations where a change in supplier would necessitate the procurement of goods and services that do not meet the requirements for interoperability or interchangeability;
6. The procurement of performing arts defined as forms of creative activity that are performed in front of an audience, such as drama, music and dance;
7. Non-contestable services and works undertaken by and on behalf of Utility and Service owners;
8. The procurement of reoccurring memberships, licences, fees and / or charges; and
9. The procurement of local government specific training/seminars, where it is marketed and designed specifically for local government in Victoria (e.g. LGPro. FinPro, etc.)

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

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.

Delegation of Authority

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.

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.

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 \$1,000,000 (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.

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. Contracts 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.

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.

Risk Management

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.

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.

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.

Dispute Resolution

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

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.

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.

Developing and Managing Suppliers

Developing and managing suppliers is essential to achieving a competitive market capable of delivering the Councils 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.

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.

Relationship Management

The Council is committed to developing constructive long-term relationships with suppliers. It is important that the Council identify 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.

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.

Category Management

Council will utilise 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 channelled through approved arrangements, aligned with strategic priorities such that value is maximised on every dollar of expenditure.

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 aims 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

Consistent Approach, Performance Measures and Continuous Improvement

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

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.

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.

Accountability

The Coordinator Procurement and Fleet, 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 2120.

Approval

The Policy document must be signed off by the Chief Executive Officer (operational policy) or Mayor (Council policy). As well, version numbers and adoption dates must be included in the footer of the policy as follows.

Adopted by Council at its meeting held on	Date
Signed by the Mayor (Name).....	
.....	Date

Procurement Delegations Framework

In accordance with 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 / Executive Manager
\$150,000 to \$1,000,000	Chief Executive Officer
> \$1,000,000	Council

1.2 Contract Award Delegations

Table 2

Expenditure (GST inclusive)	Delegated Authority
Up to \$1M	CEO
> \$1M	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 Chief Financial Officer	General Manager / Executive 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	General Manager / Executive Manager
> \$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 / Executive Manager
Outside budget allocations		Council

2.4 Purchases under Annual Supply Contracts and/ or MAV and Procurement Australia Contracts and Other Agency Appointment Arrangements

Purchases under Council Annual Supply Contracts are in accordance with the awarded schedule of rates and are utilised on an as needs basis. These contracts are awarded as a result of a public tendering process.

Purchases under MAV, Procurement Australia and other Agency Appointment Arrangements 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	Chief Financial Officer

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	Chief Financial Officer
> \$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 / Executive Manager

Approval

Approved by Council at its meeting held on	Date
Signed by the Mayor (Cr Brett Tessari)	
.....	Date