

# Procurement Policy



**Yarriambiack**  
SHIRE COUNCIL

## Procurement Policy

*Yarriambiack Shire Council encourages a working environment which promotes gender equality and models non-violent and respectful relationships.*

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## 1 Summary

### 1.1 Background

Yarriambiack Shire Council recognises the importance of having a procurement framework based on integrated policy, strategy, service delivery plans and associated procedures for the procurement of all goods, services and works. This framework will assist Council to achieve its objectives such as socially responsible procurement, value for money, achieving innovation and providing best value services to the community.

### 1.2 Objectives

The objectives of this Policy are to:

- a) Set a good governance and compliance direction for Council and Council employees in undertaking procurement.
- b) Establish a procurement framework for Council to achieve value for money and continuous improvement in the provision of services for the community.
- c) Ensure that Council resources are used efficiently and effectively to improve the overall quality of life of people in the local community.
- d) Achieve compliance with relevant legislative requirements.
- e) Achieve high standards of probity, transparency, accountability and risk management.
- f) Give preference to social procurement when considering the purchase of goods, services and works.
- g) Ensure all contractors and suppliers will be afforded an equal opportunity to tender or quote.
- h) Give preference to the procurement of goods, services and works from within Yarriambiack Shire Council and surrounding municipalities where price, quality, services, standards and delivery is comparable to other suppliers.
- i) Collaborate with other Councils and public bodies in the procurement of goods and services where practical.

### 1.3 Scope

This Policy represents the principles, processes and procedures that will be applied to the purchase of all goods, services and works by Council. The scope of this Policy commences from when Council has identified a need for procurement requirements through to the delivery of goods or completion of works or services.

This Policy will apply to Councillors, Council employees and all persons undertaking procurement on Council's behalf, and they are accountable for complying with all relevant procurement legislative and Policy requirements.

All monetary values stated in this Policy exclude GST, except where specifically stated otherwise.

### 1.4 Legislative Compliance Standards

This Procurement Policy is made in accordance with Sections 108 and 109 of the Local Government Act 2020 (Act). The Act is the key legislative framework that regulates the process of all Local Government procurement in Victoria. These sections of the Act require Council to prepare and adopt a procurement policy encompassing the principles, processes and procedures applied to all purchases of goods, services and works by Council to ensure the promotion of open and fair competition and value for money.

Council must consider collaboration with other Councils and public bodies in the procurement of goods or services; as per Section 109 (2), the CEO must ensure that any report to the Council that recommends entering into a procurement agreement includes information in relation to any opportunities for collaboration with other Councils or public bodies which may be available.

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

In accordance with section 108 (5) of the Act, this Policy will be reviewed at least once during each four year term of the Council.

## 2 Definitions and Abbreviations

| Term                     | Definition  |
|--------------------------|---|
| Act                      | <i>Local Government Act 2020.</i>   |
| Commercial in Confidence | Means information that, if released, may prejudice the business dealings of a party e.g., prices, discounts, rebates, profits, methodologies and process information.   |
| Contract                 | Means an agreement between two or more authorised persons on behalf of their organisations to perform or not perform a specific act/s that is enforceable in law. A contract may be verbal or written or inferred by conduct.                                       |
| Contract Documents       | Means documents construed together as an instrument of contract. They may include terms & conditions, specifications, drawings, tender responses, delivery schedules and payment schedules.   |
| Conflict of Interest     | Means where a Councillor or Council Officer has private interests that could influence, or be seen to influence, their decisions or actions in the performance of their public duties, defined under the Act as a direct or indirect interest.                      |
| Consultant               | Means a respondent (person, firm etc.) whose tender/quotation offer has been accepted by the Council with or without modification. A Consultant is a person who provides expert professional advice.  |
| Contractor               | Means a respondent (person, firm etc.) whose tender/quotation offer has been accepted by the Council with or without modification. A Contractor is a person or business that undertakes a contract to provide materials or labour to perform a service or do a job. |
| Council                  | Means Yarriambiack Shire Council.   |
| Council Employees        | Includes full-time and part-time Council officers and temporary employees, contractors and consultants engaged by the Council.  |
| e-Procurement            | The use of an electronic system/s to acquire and pay for supplies, services and works.  |

| Term                             | Definition   |
|----------------------------------|--|
| Emergency                        | <p>Means an emergency due to the actual or imminent occurrence of an event which in any way endangers or threatens to endanger the safety or health of any person in Victoria or which destroys or damages, or threatens to destroy or damage, any property in Victoria or endangers or threatens to endanger the environment or an element of the environment in Victoria including, without limiting the generality of the following:</p> <ul style="list-style-type: none"> <li>• an earthquake, flood, windstorm, other natural event, fire, explosion;</li> <li>• a road accident or any other accident;</li> <li>• a plague or an epidemic or contamination;</li> <li>• a warlike act or act of terrorism, whether directed at Victoria or a part of Victoria or at any other State or Territory of the Commonwealth;</li> <li>• a hi-jack, siege or riot; and</li> </ul> <p>a disruption to an essential service.</p> |
| Expression of Interest (EOI)     | <p>A response to an open approach, usually by public advertisement, to the market requesting submissions from prospective suppliers interested in procurement.</p> <p>The list of potential suppliers who have provided expressions of interest may be used as the basis for conducting a select tender process.</p>   |
| Local Content / Local Businesses | <p>Means labour, materials, plant or supervision, which are sourced from within the Shire boundary.</p>  |
| Prepayment                       | <p>A payment made for goods/services prior to any works being undertaken.</p>  |
| Probity                          | <p>Means the uprightness, honesty, proper and ethical conduct and propriety in dealings. Within government, the word "probity" is often used in a general sense to mean "good process."</p> <p>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.</p>  |
| Procurement                      | <p>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.</p>   |

| Term                        | Definition  |
|-----------------------------|---|
| Procurement Card            | A procurement card is a type of company charge card used for smaller purchases to achieve greater cost efficiency, control and convenience. Procurement cards are also known as purchasing cards, Fleet Cards. Procurement cards can be tied to either a credit card or a bank account. |
| Request for Quotation (RFQ) | A request for quotation (RFQ) is a document that an organisation submits to potential suppliers eliciting quotations for a product or service. Typically, an RFQ seeks an itemised list of prices for something that is well-defined and quantifiable.                                  |
| RFx (Request for..)         | RFx is a term used to refer to a family of 'Request for...' documents used to solicit responses of various types from suppliers. The three most commonly used documents in this family include Expression of Interest (EOI), Request for Quote (RFQ), and Request for Tender (RFT).     |
| Specifications              | The statement which clearly and accurately describes the essential requirements for goods, services or works. It may also include the procedures by which it will be determined that the requirements have been met and performance required in a contract.                             |
| Standing Offer Agreement    | A contract that sets out rates for goods and services that are available for the term of the agreement. However, no commitment is made under the agreement to purchase a specified value or quantity of goods or services.  |
| Sustainability              | Means activities that meet the needs of the present without compromising the ability of future generations to meet their needs.   |
| Tender                      | An offer in writing to supply goods and/or services, usually submitted in response to a public or selective invitation such as a Request for Tender.  |
| Tender Process              | The process of inviting parties to submit a quotation or tender by public or private advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.   |
| Variance                    | Is an alteration to the scope of works in a construction contract in the form of an addition, substitution or omission from the original scope of work.   |



### 3 Guidance and Ethical Behaviour

#### 3.1 Conduct of Councillors and Council Employees

Ethical behaviour encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency. Council's purchasing processes must be undertaken in a manner which meets all expected standards of ethical behaviour and includes avoiding conflicts of interest and avoiding improper use of an individual's position. At all times, Councillors and Council employees must act in accordance with relevant policies, codes of conduct and guidelines regarding gifts and hospitality and conflicts of interest.

Councillors and employees (and all persons engaged in procurement on Council's behalf) must exercise the highest standards of integrity in a manner able to withstand the closest possible scrutiny.

All employees have an overriding responsibility to act impartially and with integrity, avoiding conflicts of interest.

In procurement matters:

- a) Treat potential and existing suppliers with equality and fairness.
- b) Maintain confidentiality of Commercial in Confidence matters and information such as contract prices and other sensitive information.
- c) Employees must disclose a general conflict of interest and/or material conflict before providing advice or reports (or any other matter).
- d) Council officers delegated Council powers or duties are prohibited from exercising those powers, duties or functions if they have conflicts of interest.
- e) A Councillor must avoid conflicts between his or her public duties as a Councillor and his or her personal interests and obligations. Councillors must disclose a conflict of interest in accordance with the Local Government Act.
- f) Councillors must comply with the Councillor Code of Conduct.
- g) Councillors must not improperly direct or improperly influence Council employees in the exercise of any power on/in the performance of any duty or functions.
- h) Employees must comply with the Employee Code of Conduct for Council.
- i) All employees engaged in the evaluation of quotation or tender evaluation must adhere to this Policy and complete and lodge a Conflict of Interest Declaration and a Deed of Confidentiality.
- j) All Councillors and Council employees must adhere to Council's Gifts, Benefits, Hospitality Policy [Gift Benefits and Hospitality Policy.pdf](#) in matters of procurement.

Councillors and Council employees must make their interests known in any situation where it could be perceived that an interest might unduly influence them.

#### 3.2 Tender Processes

All tender processes shall be conducted in accordance with the requirements of this Policy, the Procurement Management Manual [Procurement Management Manual.pdf](#), relevant legislation and Australian Standards, Best Practice Procurement Guidelines for Victorian Local Government 2024 [Victorian-Local-Government-Best-Practice-Procurement-Guidelines-2024-Final.pdf](#) and the Act.

#### 3.3 Conflict of Interest

Councillors and Council employees must 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 employees must not participate in any action or matter associated with the arrangement of procurement and a contract (i.e., evaluation, negotiation, recommendation, or approval), where that person or any member of their immediate family\*, or household has a

significant interest or holds a position of influence or power in a business undertaking tendering for the work. (\*Refer to Council’s Enterprise Agreement for the definition of immediate family).

Councillors and Council employees must:

- a) **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 employees, plus their relatives and close associates.
  - b) **Declare** that there is no conflict of interest.
    - i. Council employees who become aware during the evaluation process of a potential conflict of interest, must declare this in writing immediately to the Chief Executive Officer to allow the Chief Executive Officer to decide whether the officer should continue to be involved in the specific procurement exercise.
    - ii. Where future conflicts, or relevant private interests arise, Council employees must disclose this information to the Chief Executive Officer, in writing, as soon as they become aware of the conflict of interest.
- Observe** prevailing Council and Victorian Local Government guidelines on how to prevent or deal with conflict of interest situations; and not take advantage of any tender related information for personal gain.

The onus is on the Councillor and the Council employees involved being alert to and promptly declaring an actual or potential conflict of interest to Council

### 3.3.1 Council Employees - Businesses and Plant

- a) Councillors and Council employees who own or have a financial interest in a business may submit a tender for goods and/or services however, they must declare the conflict of interest to the Chief Executive Officer or as part of their Tender / Offer submission.
- b) Council employees who own or have a financial interest in a business cannot directly procure goods and/or services from their own business on behalf of Council.
- c) Council employees must declare their financial interest in a business to the Chief Executive Officer on commencement of employment or when they acquire the interest in the business.
- d) Council will not hire, lease or contract plant and/or equipment that:
  - A Council employee owns, leases, or has a financial interest in;
  - A Council employee’s immediate family, or household member, owns, leases, or has a financial interest in; or
  - A Council employee’s business or trust owns, leases, or has a financial interest in.

### 3.4 Gifts, Benefits and Hospitality

No Councillor or Council employee 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 employees must not accept gifts, benefits or hospitality from contractors or their representatives, or from organisations, firms or individuals with whom they have official dealings.

Councillors and Council employees should not visit the premises of a contractor, organisation, firm or individual uninvited unless on official business. All business negotiations in accordance with the Procurement Policy and Procurement Management Manual should be conducted on Council premises, or via a Council initiated online meeting.

Offers of bribes, commissions or other irregular approaches from suppliers (no matter how flimsy the evidence available), must be promptly brought to the attention of:-

- Chief Executive Officer if the matter relates to Council Employees
- For Councillors, it should be the Chief Executive Officer or the Mayor.

### 3.5 Canvassing

Suppliers of goods, services or works are prohibited from engaging Councillors, employees, consultants or third-party agents to discuss any aspect of a tender, quote or contract with the nominated contact for the tender or quote. Any engagement other than with the nominated procurement representative in Council's RFX documentation may disqualify the supplier.

### 3.6 Disclosure of Information

Information received by Council that is Commercial in Confidence must not be disclosed and is to be stored in a secure location. Councillors and Council employees are to protect, by refusing to release or discuss information to the extent that it is, Commercial in Confidence.

This may include information disclosed by organisations in tenders, quotations or during tender negotiations:

- a) Pre-contract information including, but not limited to, information provided in quotes, tenders or subsequently provided in pre-contract negotiations.
- b) Councillors and Council employees are to avoid references to current or proposed contracts in discussion with acquaintances or outside interests.
- c) 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. The preference would be that these queries would be issued via an email to the Supplier from the Procurement & Contracts Officer.
- d) At no stage should any discussion be entered into with any tendering party or its representative or agent that could have potential contractual implications prior to the contract approval process being finalised, other than authorised pre-contract negotiations.

## 4 Principles and Framework

The following principles should be applied to all purchases, irrespective of the value or complexity of the purchase:

- Value for money
- Fair and honest dealing
- Accountability and transparency
- Risk management
- Probity
- Responsible financial management
- Collaborative procurement
- Other considerations.

### 4.1 Value for money

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

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 for money.

The benefits of the purchase are to be weighed against the costs necessary for the optimum result for Council and the local community. Council is required to consider issues of quality, cost, the accessibility of the service and other factors relevant to the overall objectives of the Local Government Act.

Value for money is often mistaken for meaning the lowest price, however, in terms of the contracting process; value for money requires the balance of quality, price and Council objectives, with as much transparency as is reasonably achievable.

Achieving value for money 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.

#### 4.2 Fair and honest dealings

Council is committed to providing equal opportunity for all businesses, irrespective of their size and location, to bid for work through open and transparent market processes. Impartiality is to be maintained throughout the procurement process so it can eliminate the prospect of any bias in decisions and withstand public scrutiny.

#### 4.3 Accountability and Transparency

Accountability in procurement means being able to explain and evidence what has happened. 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 the Council's procurement policies and procedures as set out in this Policy and related Council policies and procedures.

Additionally:

- a) The responsible Council employee must be able to account for all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council.
- b) Where necessary, brief tenderers regarding the documented decision-making process.
- c) All procurement activities are to leave an audit trail for monitoring and reporting purposes.

#### 4.4 Risk Management

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

Council will manage all aspects of its procurement processes in accordance with its adopted Risk Management Policy and in such a way that all risks, including occupational health and safety, are identified, analysed, evaluated, treated, monitored and communicated to the standard required by the law, in accordance with Australian Standards and Council Policy.

#### 4.5 Probity

Probity in purchasing relates to fairness, impartiality and integrity, and is often used in a general sense to mean good process. All Council dealings must be conducted in a fair and open manner, observing the highest standards of honesty, and demonstrating the highest levels of integrity consistent with the public interest. Council's purchasing processes must be undertaken in a manner which meets all expected standards of probity, including consistent application of procedures, appropriate record keeping, compliance with policies and legislation, consideration for suppliers, and clear and transparent decision making.

#### 4.6 Responsible Financial Management

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 employees must not authorise the expenditure of funds in excess of their financial delegations (refer Annexure A – Authorised Delegations Listing). Council employees that breach their delegated authority may face disciplinary action in accordance with Council's Human Resource Policy and Guidelines Manual [Human Resource Policy and Guidelines Manual.pdf](#)

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.

#### 4.7 Collaborative Procurement

Council officers will seek collaborative opportunities with other Councils and public bodies for all procurements requiring Council approval in accordance with sections 108(3)(c) and 109(2) of the Act. In accordance with section 109(2) of the Act, when a report for a procurement is presented to Council for approval, it will include information relating to any collaborative arrangement opportunities that were explored as part of the procurement process.

Where practical, Council will collaborate with other Councils and public bodies in order to take advantage of economies of scale, reduce risk and deliver community benefits for all participating Councils.

Collaborative procurement will be achieved through:

- a) Aligning procurement categories and timing (joint procurement).
- b) Using Panels (eg MAV Procurement, Procurement Australia, State Purchasing Contracts, etc), including Panels in the region (that include the capacity to provide services outside of the contracting Council area under the same terms and conditions).
- c) Using State Government contracts and aggregators.
- d) Develop partnerships with small rural shires to facilitate regional training and professional development opportunities (Regional Procurement Excellence Networks {RPEN's}). Council currently actively engages with the South West RPEN.
- e) As procurement opportunities arise, consult with other Councils and governing bodies to assess if there is an opportunity for joint procurement activities.

#### 4.8 Other considerations

There are also a number of organisational and legislative directives that help set the framework for purchasing decisions made by Council including the Council Plan and the Act. In addition to the requirements of the Act, purchasing decisions must also consider other principles, Council policies, guidelines and philosophies.

These include:

- Sustainable procurement
- Environmental purchasing
- Social procurement
- Local purchasing philosophy
- Diversity

##### 4.8.1 Sustainable procurement

Sustainable procurement is the acquisition of necessary goods and services that have least impact on the environment and human health, within the purchaser's capacity to do so.

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

In addition, 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:

- a) Considering the need to minimise emissions and reducing the negative impacts of transportation when purchasing goods and services.
- b) Taking steps to minimise carbon dioxide and other greenhouse gas emissions through the detailed consideration of products and services procured.
- c) Considering the environmental performance of all suppliers and contractors and encouraging them to conduct their operations in an environmentally sensitive manner.

- d) Considering the basic life cycle analysis of products to minimise the adverse effects on the environment resulting directly or indirectly from products.
- e) Selecting products / services that have minimal effect on the depletion of natural resources and biodiversity.
- f) Working more effectively with local suppliers to ensure they are encouraged to bid for Council's business in line with the Procurement Policy.
- g) Ensuring all relevant procurement contracts and tenders contain sustainability specifications as appropriate to the product or service being procured.

#### 4.8.2 Environmental Purchasing

Environmental purchasing is the inclusion of environmental factors in decisions on the purchase of products and/or services. It is sometimes called "green", "sustainable" or "environmentally preferable" purchasing. The aim of considering environmental factors is to buy products or services that have less impact on the environment and human health than otherwise comparable products or services. Environmental purchasing can achieve several benefits:

- a) Reduce energy, water consumption, and improve resource use efficiency.
- b) Reduce waste, pollution and environmental health impacts of products and services.
- c) Provide markets for new environmentally preferable products.
- d) "Close the loop" on recycling, improving the viability of recycling.
- e) Provide leadership to the community.
- f) Encourage industry to adopt cleaner technologies and produce products with lower environmental impacts.

#### 4.8.3 Social Procurement

Social procurement involves using procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works. For Council, social procurement builds on initiatives already undertaken by the sector in enhancing sustainable and strategic procurement practice, enabling procurement to effectively contribute to building stronger communities. Social procurement is a key mechanism by which to generate wider social benefits by providing a mechanism for linking and integrating social and economic agendas.

Council supports social procurement when engaging local suppliers, contractors and/or service providers and would seek Ministerial Exemption when the required works provide value for money to Council and would be advantageous to any of the following:

- a) Employment of disadvantaged groups.
- b) Employment of Apprentices.
- c) Employment of recognised Youth Traineeships.
- d) Employment of Youth labour.
- e) Benefits to local community.

#### 4.8.4 Local purchasing philosophy

Council is committed to buying from local businesses where such purchases may be justified on best value for money principles.

Wherever practicable, Council will fully examine the benefits available through purchasing goods, services or works from suppliers/contractors within the Yarriambiack Shire boundary. Council will also seek from prospective suppliers and contractors where applicable, what economic contribution they will make to the Yarriambiack municipality. All quotes should include a ten percent (10%) evaluation allowance for local businesses, depending on the type of procurement being sourced.

Council must endeavour to obtain a minimum of one quote from a local supplier where possible. In the event that this is not possible, the Council employee conducting the procurement will advise the Corporate Services Department so that supply gaps can be tracked and matched with future business opportunities.

A local supply weighting will be built into the evaluation criteria for all RFx Evaluation Plans as outlined in the Procurement Management Manual.

#### 4.8.5 Diversity

Promoting equality through procurement can improve competition, value for money, 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.

### 5 Governance

#### 5.1 Governance Structure

The Council shall:

- a) Establish a procurement management responsibility structure and delegations ensuring accountability, traceability and auditability of all procurement decisions made over the lifecycle of all goods, services and works purchased by Council.
- b) Ensure that Council's procurement structure is flexible enough to purchase in a timely manner the diverse range of material, goods, works and services required by Council.
- c) Ensure that prospective contractors and suppliers are afforded an appropriate opportunity to tender/quote.
- d) Encourage competition.
- e) Ensure that policies that impinge on the purchasing policies and practices are communicated and implemented.

#### 5.2 Standards

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

- a) The Act.
- b) Other Council's policies, procedures and guidelines.
- c) The Council's Code of Conduct, (includes Councillor Code of Conduct and Employee Code of Conduct [Councillor Code of Conduct.pdf](#) and [Employee Code of Conduct.pdf](#) ).
- d) Other relevant legislative requirements such as, but not limited to, the Trade Practices Act, Goods Act and the Environmental Protection Act, and the relevant provisions of the *Competition and Consumer Act 2010*. Procurement operations are consistent with prescribed rights; and
- e) Responsibilities and they respect the 20 fundamental rights within the Victorian Charter of *Human Rights and Responsibilities Act 2006*.

Officers can obtain guidance on procurement matters from the Best Practice Procurement Guidelines for Victorian Local Government 2024.

#### 5.3 Internal Controls

Council will install and maintain a framework of internal controls over procurement processes that will ensure:

- a) More than one person is involved in and responsible for, each procurement transaction.
- b) Transparency in the procurement process.
- c) A clearly documented audit trail exists for procurement activities and functions.
- d) Appropriate authorisations are obtained and documented; further to this:-

- i. Where there is a variance greater than 10% between invoices and the initial Purchase Order, the Accounts Payable Officer will contact the relevant Manager and request they raise a Purchase Order for the variance; and
- ii. If an invoice is received for a Purchase Order that has already been fully expended, the Accounts Payable Officer will follow this up with the relevant Manager.
- e) Systems are in place for appropriate monitoring and performance measurement.
- f) Maintain all records relevant to administering this Policy in accordance with the Public Records Act 1973 (Vic).

Council will develop and maintain a Procurement Management Manual to provide guidance to employees on all operational aspects of procurement. The manual will include all checklists and forms required in Council's procurement process.

#### **5.4 Methods of Purchasing**

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

- a) Procurement Card.
- b) Fleet card.
- c) Purchase order.
- d) Under contract following quotation or select tender process.
- e) Under contract following a tender process.
- f) Using collaborative purchasing arrangements with other Councils, MAV Procurement, Victorian Government, Procurement Australia or other bodies where procurement processes meet the requirements of the Act and this Policy.
- g) Other arrangements authorised by Council or the Chief Executive Officer on a needs basis as required by abnormal circumstances such as emergencies.

#### **6 Thresholds & Market Engagement Requirements**

The critical factors in determining the most appropriate method to purchase goods or services are the value of the purchase, the extent of risk associated with the purchase and any other complexities involved in the purchase decision.

Other factors such as market size, potential suppliers and time constraints may affect the decisions made in regard to the procurement process.

It should be noted that the thresholds as detailed below for a formal public tender will come into effect when one of the following occurs:

- a) the cumulative supplier spend per financial year exceeds or is expected to exceed the threshold; or
- b) the expected spend per project exceeds the threshold.

The following table sets out Council's policy regarding procurement processes to be followed based on the value of the purchase.



**6.1 Thresholds**

| <b>Procurement Value (excluding GST) \$</b> | <b>Minimum Market Engagement</b>  | <b>Agreement Type</b>                             | <b>Record Keeping / Documentation</b>  | <b>Evaluation Panel</b>       |
|---|---|---|--|-------------------------------|
| <b>\$0 - \$200 – Instore Sheets Only</b>    | Not Applicable  | Ongoing Purchase Order Arrangement with the Store | Instore sheet must be signed and tax invoice must be clipped to sheet                    | Not Required                  |
| <b>\$0 - \$200</b>                          | Price Comparison  | Purchase Order Terms & Conditions                 | Notes in Purchase Order of Price Comparison  | Not Required                  |
| <b>\$201 - \$15,000</b>                     | 1 Emailed or Written Quote  | Purchase Order Terms & Conditions                 | Quote Must be Attached to Purchase Order   | Not Required                  |
| <b>\$15,001 - \$50,000</b>                  | 2 Emailed or Written Quotes ❖   | Purchase Order Terms & Conditions                 | All Quotes Must be Attached to Purchase Order  | Not Required                  |
| <b>\$50,001 - \$79,999</b>                  | Request for Quotation Publicly Advertised or<br>← Select                | Contract/Agreement                                | Value for Money Evaluation Report Approved by CEO  | Yes – Minimum 3 Panel Members |
| <b>\$80,000 - \$250,000</b>                 | Request for Tender Publicly Advertised or<br>← Select                   | Contract/Agreement                                | Value for Money Evaluation Report Approved by CEO  | Yes – Minimum 3 Panel Members |
| <b>&gt;\$250,000</b>                        | Request for Tender Publicly Advertised, includes Panel Supply Contracts | Contract/Agreement                                | Value for Money Evaluation Report, Report Prepared to and Approval by Council Resolution | Yes – Minimum 3 Panel Members |

❖ A minimum of one of the two quotes must be obtained from a local supplier/provider wherever possible. If sufficient quotations cannot be sourced refer to Section 7.9.

← **Select means approach to market is engaging with selected suppliers engaged under collaborative purchasing arrangements, MAV Procurement, Victorian Government State Purchasing Contracts (including Department Treasury & Finance Construction Supplier Register), Procurement Australia; or those appointed to Council Panels Arrangements as per 6.4 below).**

## 6.2 Exemption from Market Engagement

An Exemption to the Market Engagement methods and procedures may be requested under the following circumstances, however value for money must still be demonstrated. Refer to 6.2.1 on the documentation process for justifying the exemption.

| Exemption Name   | Explanation, limitations, responsibilities and approvals  |
|--|---|
| 1. A contract made because of an emergency   | <p>Where the CEO or Council (based on financial delegation), has resolved that the contract must be entered into because of an emergency.</p> <p>If the expenditure is above CEO financial delegation, or the CEO has prepared the Procurement Exemption, a report must be prepared and presented to Council at the next scheduled Council Meeting.</p>   |
| 2. A contract made with, or a purchase from a contract made by, another government entity (including department or agency), government-owned entity or other approved third party. | <p>This exemption allows engagements:</p> <ul style="list-style-type: none"> <li>With another government entity or government owned public bodies. For example, Federal, State or Local Government or a public body owned by the Federal, State or Local Government; and/or</li> </ul> <p>In reliance on contracts and arrangements established by another government entity (including department or agency), local authority, local government group purchasing scheme, Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement Australia (PA).</p> |
| 3. Extension of contracts while Council is at market   | <p>Allows Council to extend an existing contract where the procurement process to replace the contract has commenced, and where the tender process or negotiations will take, or are taking longer than expected.</p> <p>This exemption may be used when the establishment of an interim short-term arrangement with an alternative supplier is considered not to be in the public interest, as it may be cost prohibitive and/or present a risk in the delivery of critical public services to the municipality.</p>   |
| 4. Professional services unsuitable for tendering  | <p>Examples include, but are not limited to; Legal Services, Insurance, Accounting (not including internal audit engagements), Engineers, Planners and Municipal Building Surveyors.</p>  |
| 5. Novated Contracts and Leases  | <p>Where the initial contract was entered into in compliance with <i>the Act</i> and due diligence has been undertaken in respect to the new party.</p>   |
| 6. Information technology resellers, software developers, software as a service (SaaS) products and cloud systems  | <p>Allows Council to renew software licenses and maintenance and support, or upgrade existing systems, where there is only one supplier of the software who holds the intellectual property rights to the software.</p> <p>Includes but is not limited to: Microsoft Licensing, Adobe Licensing, Software as a Service products.</p> <p>A mandate must be approved by the CEO where Council enters into an agreement with a SaaS provider to ensure Value for Money is achieved, whilst ensuring it aligns with Councils strategic business objectives.</p>   |

| Exemption Name  | Explanation, limitations, responsibilities and approvals  |
|---|---|
| 7. Operating Leases   | Where a lessor leases an asset (generally a vehicle or plant and equipment) to the Council and assumes the residual value risk of the vehicle.  |
| 8. Road Construction and Maintenance activities undertaken by Council | <p>Where Council is required to procure goods and services for the construction and maintenance of roads and road related infrastructure such as drains, footpaths, and culverts.</p> <p>Road construction activities include gravel, truck carting, concrete, sand, culverts, and pipes. This exemption does not include weed side spraying, tree lopping, or any other activity not directly related to constructing a road or footpath.</p> <p>Road maintenance refers to materials directly related to maintaining a road or footpath.</p> <p>The procurement must have a direct link to the construction and/or maintenance of Council's Road networks and is only applicable where Council is undertaking the project management of the works and is required to purchase goods and services to support this activity.</p>                    |
| 9. Market Failure / Limitations                                       | <p>Where inquiries into the relevant market have revealed that there is only one supplier or provider, or one viable supplier or provider, of the goods, services or works being procured, and</p> <p>Where the Chief Executive Officer is satisfied on reasonable grounds, that not going to market will produce a better, or better value outcome for Council.</p>  |
| 10. Traditional Owners & ATSI Businesses and Social Enterprises       | <p>Engagement of Traditional Owners where the primary purpose of the procurement activity is to gather information relating to Aboriginal culturally sensitive issues, including land management considerations pursuant to the Aboriginal Heritage Act 2006 (Vic).</p> <p>Exemption to directly purchase from social enterprises or Aboriginal and Torres Strait Islander businesses where the estimated value of the procurement is up to \$20,000 (excluding GST). The identified business must be registered or certified with an appropriate and relevant organisation such as Kinaway, Supply Nation, or Social Traders. The procuring Council employee must first determine whether an Aboriginal and Torres Strait Islander business or social enterprise could deliver the required goods, work or service on a value for money basis.</p> |
| 11. Purchase of 2 <sup>nd</sup> Hand Plant or Equipment               | <p>Based on historical narrative, it has been demonstrated that issuing an RFQ for 2<sup>nd</sup> hand items of plant or equipment yields little or no result.</p> <p>The CEO has the discretion to approve the purchase of a 2<sup>nd</sup> hand item of plant or equipment from either a reputable auction house or a direct to market approach.</p>  |
| 12. Plant and Equipment Servicing                                     | <p>Where it is required to maintain a valid warranty.</p> <p>Plant and equipment servicing and spare parts – plant and equipment purchased by Council requires servicing at regular intervals. In</p>   |

| Exemption Name                           | Explanation, limitations, responsibilities and approvals  |
|--|---|
|  | <p>certain instances, to maintain a valid warranty, works need to be carried out by recognised suppliers and therefore Council will utilise the services of the manufacturers from whom the plant or equipment was originally purchased.</p> <p>This clause also applies to specific manufacturer spare parts purchased to complete works on Council's plant and equipment.</p> |
| 13. Council's Procurement Exemption list | Where the procurement is on Council's procurement exemptions list (refer to Annexure B).  |

### 6.2.1 Justifying the Exemption

Where an exemption to the market engagement methods is being sought, Council employees must complete the Internal Memo – Justification Exemption to Procurement Policy [Internal Memo - Justification Exemption to Procurement Policy.dotx](#) signed by the Chief Executive Officer and submitted with the Purchase Order requisition. noting if the expenditure is above the Chief Executive Officer's financial delegation, a report must be prepared and presented to Council.

### 6.3 Prepayments

Prepayments for any goods/services cannot be made without the prior approval of the Manager Corporate Services or the Chief Executive Officer.

### 6.4 Panel Arrangements

#### 6.4.1 Agency Arrangement - Council Acting as the Agent

Council may procure goods, services or works with a Council acting as the agent for a group of Council's provided that the agent Council complies with the requirements of the Act and this Policy.

#### 6.4.2 Panel Suppliers – Yarriambiack Shire Council

An approved **panel supplier** is a supplier that has been appointed following an open tender process. Unless specified during a tender process no minimum quantity of sales or turnover is guaranteed to an approved panel supplier.

**When establishing a panel for the first time, the initial awarding of contract requires a Council resolution regardless of the total value of the contract.**

The use of established panels should be transparent as suppliers appointed to the panel will have a reasonable expectation that Council will provide panel members with an equal opportunity to quote for goods, services or works. Before establishing a panel there should be documented methodology on how works and services are to be determined for allocation to companies appointed to the panel. Consideration should be given to the number of contractors or consultants to be appointed to maintain a workable panel.

When accessing established panel arrangements, quotations should be sought consistent with the below process to ensure that any procurement through a panel arrangement demonstrates value for money and a competitive process.

##### 6.4.2.1 Engaging Panel Suppliers & Panel Quote Selection Justification

Where an approved panel of suppliers has been established through a competitive and open process, purchasing thresholds must be used to support purchases through these existing agreements.

Refer to the Procurement Management Manual regarding the purchasing threshold requirements specific to Yarriambiack Shire Council Panel Suppliers.

The rationale for selecting a successful respondent must be documented, Council employees need to apply value for money related principles to all procurement functions. Employees must complete the Procurement Panel Quote Selection Justification [Procurement Panel Quote Selection Justification Template.dotx](#) and have this signed by their relevant Manager, prior to the requisitioning of a Purchase Order, this form must be attached to the Purchase Order.

Details of the Panel Supply Contracts Council has in place:-

| Type of Panel   | Contract No. | Term of Contract                                   |
|---|--------------|--|
| OHS & Corporate Training  | C303-2023    | End Date 1/9/2027<br><i>No Extension Options</i>   |
| Plumbers, Electricians & Builders / Carpenters / Handypersons   | C335-2024    | End Date 31/7/2029<br><i>2 x 1 Year Extensions</i> |
| Building Demolition & Asbestos Removal  | C337-2024    | End Date 31/1/2029<br><i>2 x 1 Year Extensions</i> |
| <i>Currently in Development</i>   |              |  |
| Concreting Services   | N/A          | To be Released 2024/2025                           |
| Professional Services – Planning, Design (Engineers/Architects), Quantity Surveying & numerous others | N/A          | To be Released 2024/2025                           |
| Supply of Plant & Equipment (wet & dry hire)  | N/A          | To be Released 2024/2025                           |

For assistance with Panel Supply Contracts, Suppliers, Schedules of Rates, please contact Council’s Procurement & Contracts Officer.

**Refer to 6.4.2.2 below for details on the requirements for engaging suppliers outside of Panel Supply Arrangements when a Panel Supply Arrangement exists for the services a Council employee is procuring.**

Council officers responsible for the contract management of panel arrangements should be mindful of day to practicalities and acknowledge that a competitive process and value for money assessment has already been undertaken to establish the panel in the first instance. Accordingly, there may be situations where no further benefit is obtained from seeking quotations from the panel such as:

- a) Small, every day, low risk, low value works such as those from trade services providers like electricians, plumbers; or
- b) Where the contract with each panel supplier includes a comprehensive schedule of rates covering all expected work items the costs for packages of work can be accurately determined beforehand by the Council officer without the need for further quotations.

In the above examples, it may be appropriate for the Council officer to allocate work across the individual panel suppliers based on their respective skill sets and capacity at the time to meet Council’s required timeframes.

Approved panel suppliers will be appointed following a formal tender process and will be contracted for the period as outlined in the tender specification, including any options for extension. Approved panel suppliers will be required to hold valid registration with

Council's contractor pre-qualification system Pegasus (if relevant to the services being provided, ie Consultants may be excluded from this requirement).

Approved panel suppliers should be monitored periodically to determine if they are meeting performance obligations, ie, to the reasonable satisfaction of Council and in a proper, timely and efficient manner. Approved panel suppliers who fail to meet expectations may be removed from the panel in line with the relevant clauses of the service agreement.

The Panel of Preferred Suppliers contracts will operate as an open panel arrangement. Council can at its discretion reopen the tender at certain times during the period of the contract/s to call for new suppliers, if it determines that the panel may benefit from having additional suppliers incorporated before the end of the contract term.

#### 6.4.2.2 Engaging Suppliers Outside of Panel Supply Contracts

To procure the services of suppliers outside of a Panel Supply Contracts, Council employees are required to complete a Procurement Panel Exemption Form [Procurement Panel Exemption Form.pdf](#) (in the event of an emergency, this form should be completed as soon as possible).

### 6.5 Total Cumulative Spend

Care should be taken when reviewing the limits at 6.1 (above). Where significant sums are spent in aggregate with one supplier or on one service, it is necessary to structure procurement proposals (as requests for tenders, quotations or prices), in order to achieve greatest value and supplier performance by leveraging this cumulative spend, rather than treating each discrete arrangement as a separate procurement exercise. Council has determined that the cumulative expenditure to a supplier or for a specific product/service for a period of up to two years is to be taken into account unless the exemption is approved by the Chief Executive Officer.

For example, if Council is spending \$70,000 on stationery items each year and Council determines that the optimum period for obtaining value for money is two years; the indicative value of the contract is \$140,000 and it is therefore subject to the legislative requirement to seek tender proposals through a public process.

Should the Chief Executive Officer 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 purchase of goods, services and works for which the estimated expenditure is below the thresholds set under this Policy.

## 7 Procurement Method

### 7.1 Price Comparison

- a) A price comparison is to be undertaken, where possible, for all purchases up to and/or equal to \$200. This may include catalogue searches, internet searches etc.
- b) The purchase order requisition is to be approved by the applicable Manager/Coordinator (as per Authorised Delegations Listing).
- c) Suppliers cannot be engaged unless authorisation has been granted.

### 7.2 Single Written or Emailed Quotation

- a) A Council officer is required to seek as a minimum one written quote. The written quotation information is to be attached to the purchase order requisition request.
- b) The purchase order requisition is to be approved by the applicable Manager/Coordinator (as per Authorised Delegations Listing).
- c) Suppliers cannot be engaged unless authorisation has been granted.

### 7.3 Multiple Written or Emailed Quotations

- a) The Council Officer is required to seek as a minimum three written quotations.
- b) A minimum of one of the three quotes must be obtained from a local supplier/provider wherever possible.
- c) The quotation selected must represent the principles of value for money.
- d) The purchase order requisition is to be approved by the applicable Manager (as per Authorised Delegations Listing).
- e) Suppliers cannot be engaged unless authorisation has been granted.

#### **7.4 Request for Quotation**

A tender process should be used to provide better management of procurement risk than is achieved through quotation.

- a) Council is to receive up to three written quotations by issuing a Request for Quotation which may be accompanied by a Public Notice.
- b) Details of the suppliers contacted and their quotations must be recorded in Council's records management system.
- c) The quotation selected must represent the principles of value for money in accordance with the Evaluation Plan (refer to Procurement Management Manual).
- d) The purchase order requisition is to be approved by the applicable Manager/Coordinator and/or the CEO (as per Authorised Delegations Listing).
- e) Suppliers cannot be engaged unless a Contract/Agreement has been signed and executed by both parties.

#### **7.5 Expression of Interest**

An expression of interest is a two-step process. When the thresholds are met, an Expression of Interest process does not replace the need to call for tenders. It simply precedes the calling of tenders and generally seeks to constrain the number of, and focus the quality and detail of tenders received.

An Expression of Interest process is generally structured with the following components:

- a) Overview of requirements.
- b) Invitation to submit.
- c) Criteria for evaluating.
- d) Form offer (respondents form).
- e) An expression of interest should be used in circumstances where:
  - i. There is likely to be many tenderers, tendering will be costly, or the procurement is complex.
  - ii. There is uncertainty as to the interest of suppliers or vendors to offer the potential products or services or to undertake the proposed work.

#### **7.6 Tenders and Invitations to Supply**

- a) Council requires that items with a value above \$80,000 are to be publicly advertised, via a public tender/ invitation to supply / expression of interest process.
- b) Details pertaining to the process must be recorded in Council's approved records management system.
- c) Suppliers cannot be engaged unless authorisation has been granted by the CEO and/or Council and a Contract/Agreement has been signed and executed by both parties.

## 7.7 Public Advertising

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

Public tenders may be called where the cost of supply is less than the threshold and such a tender may:

- Improve competitiveness of supply
- Ensure fairer opportunity to supply.
- Provide better quality of supply.
- Result in better timeliness of supply.

Public tenders shall be called by public notice and via Council's e-tendering Portal.

## 7.8 Statutory Payments

The Chief Executive Officer has authority to approve statutory and compliance payments to Government and legislated authorities and/or organisations that are in excess of the Chief Executive Officer delegation recorded in this Policy.

## 7.9 Insufficient Quotations

The situation may arise where insufficient quotations are received to satisfy the above requirements, or the quotations received do not meet Council's specifications as outlined in the RFX document, and/or it is considered the quotations do not provide value for money

This may occasionally occur where there are few suppliers for the goods, services or works being sought, or the work is highly specialised. In this case, the details of the contacted suppliers must be recorded and an appropriate comment recorded.

There may be occasions when only one quotation may be received. Such occasions would require approval of the Chief Executive Officer and would generally be considered under the following circumstances:

- a) In the event of emergency works for safety reasons.
- b) When there is only one known and reputable supplier.
- c) Where it can be demonstrated that multiple quotations were actively sought, and responses were not forthcoming.

Where such circumstances occur, an Internal Memo - Justification Exemption to Procurement Policy [Internal Memo - Justification Exemption to Procurement Policy.dotx](#) must be completed, signed by the Chief Executive Officer and submitted with the Purchase Order requisition.

## 8 Evaluation Criteria

The evaluation criteria for the Tender, Invitation to Supply, Expression of Interest and Request for Quotation process is outlined in the Procurement Management Manual.

The criteria is used to evaluate the compliance and/or relative ranking of tender responses. All evaluation criteria must be clearly stated in the request documentation.

## 9 Tender / Contract Management

### 9.1 Role of Specifications

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



- a) Ensures impartiality and objectivity.
- b) Encourages the use of standard products.
- c) Encourages sustainability.
- d) Eliminates unnecessarily stringent requirements.
- e) Wherever possible specifies technical standards and requirements that are within the capabilities of local and other suppliers.

## 9.2 Health and Safety

To ensure the health and safety of our workers and visitors, procurement will be undertaken in accordance with requirements set out in the Yarriambiack Shire Council's Health and Safety Management systems and approved policies and as required by legislation.

## 9.3 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:

- a) Standardising contracts to include current, relevant clauses.
- b) Requiring security deposits where appropriate (bank guarantee and/or retention).
- c) Referring specifications to relevant experts.
- d) Implementing a robust, systematic and unbiased tender / offer evaluation and due diligence process.
- e) Requiring contractual agreement before allowing the commencement of work.
- f) Use of or reference to relevant Australian Standards (or equivalent).
- g) Effectively managing the contract including monitoring and enforcing performance.

## 9.4 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 Chief Executive Officer.

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 Chief Executive Officer.

## 9.5 Endorsement

Council employees must not endorse any products or services. Individual requests received for endorsement must be referred to the Chief Executive Officer.

## 9.6 Dispute Resolution

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

## 9.7 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:

- a) Establishing a system monitoring and meeting the responsibilities and obligations of both parties' under the contract.
- b) Providing a means for the early recognition of issues and performance problems and the identification of solutions.

- c) 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 Council employee responsible for the delivery of the contracted goods, services or works to ensure the Council receives Value for Money.

## 9.8 Variances

During the course of a contract there may be valid reason(s) when the contract needs to be varied; this variance to the contract normally comes with a cost. All claims for variances must be requested via a Variation Order ([Variation Order.xlsx](#)) and approved by the Officer with delegated authority as set out in Clause 10. All Variation Orders must be recorded on a Variation Register ([Variation Register.xlsx](#)), which should be downloaded and saved to the relevant Procurement Folder and/or your Project Folder.

## 10 Delegation of Authority

Delegations define the limitations within which Council employees are permitted to work. Delegation of procurement authority allows specified Council employees to approve certain purchases, quotation, tender, invitation to supply 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.

Procurement delegations ensure accountability and provide confidence to Council and the public that purchasing activities are dealt with at the appropriate level.

Council has delegated responsibilities as detailed below relating to the expenditure of funds for the purchase of goods, services and construction works, the acceptance of quotes, tenders and offers and for contract management activities.

Refer to **Annexure A** for a list of Authorised Delegations Listing.

### 10.1 Delegations

#### 10.1.1 Council Employees

The Council shall maintain a documented scheme of procurement delegations, identifying the Council employee authorised to make such procurement commitments in respect of goods, services and construction works on behalf of the Council and their respective delegations contained in Authorised Purchasing Levels (Annexure A) and the Procurement Management Manual:

- a) Acceptance of tenders and offers.
- b) Acceptance of quotes.
- c) Contract term extensions (within authorised budget).
- d) Contract amendment (non-financial).
- e) Contract amendment (financial).
- f) Appointment to register pre-qualified suppliers.
- g) Credit Card and Debit Card purchases.
- h) Procedural exceptions.
- i) Variations and Contract term extensions.

#### 10.1.2 Decisions Reserved for the Chief Executive Officer

- a) All contracts with expenditure equal to or less than \$250,000 (excluding GST) for Goods, Services and Works must be approved by the Chief Executive Officer or his or her delegate.

- b) Contract term extensions and contract amendments within financial delegation, taking into account accumulative spend.
- c) Procedural exemptions within financial delegations
- d) Variations and Contract term extensions requiring additional budget that exceeds the Chief Executive Officer delegations must be approved by Council. The projects accumulative spend must be taken into consideration when assessing budget, contract extension and variation approvals. (E.g., Project approved by CEO for \$240,000. Variation to project scope for \$10,000 was approved by CEO. Total project is \$250,000. Further variation is required of \$20,000. This would increase the total accumulative spend on project to \$270,000 which is outside of the CEO's delegation. The Council would be required to assess and approve the budget, variation and contract changes.)
- e) Where the detailed procurement has been itemised and adopted in the Budget and endorsed by Council and exceeds the \$250,000 (excluding GST) threshold. This could include purchases of itemised plant and equipment.
- f) Where the Chief Executive Officer has a declared Conflict of Interest, the RFX recommendation is to be presented to Council for final approval.

### 10.1.3 Decisions Reserved for the Council

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

- a) Initial signing and sealing of contract documents above the Chief Executive Officer's delegation or where the Chief Executive Officer declares a conflict of interest.
- b) Tender recommendations and contract approval for all expenditure over \$250,000 (excluding GST) for goods, services and works, unless it meets the condition outlined in 10.1.1 (c).
- c) Variations and contract term extensions outside of the Chief Executive Officer's delegation.
- d) If a decision is made to exercise the contract extension clause of a contract where Council was required to sign and seal the original contract documents.

## 11 Demonstrate Sustained Value and Integration with Council Strategy

The Council procurement strategy shall support its corporate strategy, 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.

### 11.1 Achieving Best Value for Money Approach

This will be facilitated by:

- a) Developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout the lifecycle.
- b) Effective use of competition.
- c) Using aggregated/centralised contracts and Standing Offer Agreements where appropriate.
- d) Identifying and rectifying inefficiencies in procurement processes.
- e) Developing cost efficient tender processes including appropriate use of e-solutions (e.g., e- Procure).
- f) Council employees responsible for providing procurement services or assistance within the Council providing competent advice in terms of available products and agreements.

- g) 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.

### **11.2 Performance Measure 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:

- a) Highlight trends and exceptions where necessary to enhance performance.
- b) Improve the internal efficiency of the procurement process and where relevant the performance of suppliers.
- c) Facilitate programs to drive improvement in procurement to eliminate waste and inefficiencies across key spend categories.

### **11.3 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:

- a) Pricing where relevant.
- b) Processes, procedures and techniques.
- c) Tools and business systems (e.g., implementing appropriate e-tendering, e-evaluation; e-catalogue or e-sourcing arrangements).
- d) Reporting requirements.
- e) Application of standard contract terms and conditions.

### **11.4 Performance Indicators**

A list of performance indicators will be developed to measure procurement performance. They will include criteria such as:

- a) The proportion of spending against corporate contracts.
- b) User and supplier satisfaction levels.
- c) Knowledge and skill of Council employee in procurement processes.
- d) Level of compliance and understanding of Council procurement policies.
- e) Measuring the success of procurement initiatives e.g., procurement cards.

## **12 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.

### **12.1 Developing and Managing Suppliers**

Council recognises the importance of effective and open working relationships with its suppliers and is committed to the following:

- a) Managing existing suppliers, via the appropriate development programs and performance measurements to ensure the benefits are delivered.
- b) Maintaining approved supplier lists.
- c) Developing new suppliers and improving the capability of existing suppliers where appropriate.

Broadening the base of suppliers benefits the competitiveness of procurement and provides opportunities for business development. Council is committed to supporting:

- Local content and businesses.
- Social enterprises.
- Voluntary and community organisations; and
- Small to medium-sized businesses (SME's).

### **12.2 Relationship Management**

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

- a) Size of spend across Council.
- b) Criticality of goods / services supplier, to the delivery of Council's services.
- c) Availability of substitutes.
- d) Market share and strategic share of suppliers.

### **12.3 Communication**

External communication is very important in ensuring a healthy interest from potential suppliers and partners to Council. The external website will provide:

- a) Information about Council and how to become an approved supplier.
- b) A list of existing and forthcoming contract opportunities, projected over a number of years.
- c) Guidelines for doing business with Council.
- d) Standard documentation used in the procurement process.
- e) Links to other relevant sites.

### **12.4 Continual Improvement**

Council is committed to continuous improvement and will continually monitor and review the procurement processes and practices to ensure that it continues to meet its wider strategic objectives. Procurement performance measures will also be reviewed regularly to:

- Report on outcomes adopted following service audits.
- Highlight trends and exceptions where necessary to enhance performance and effectively manage risk.
- Improve the internal efficiency of procurement processes; and
- Monitor supplier performance.

### **12.5 Compliance Responsibility**

- a) Council employees.

- b) Councillors.
- c) Special Committees.
- d) Contractors.

### 12.6 Charter of Human Rights Compliance

Council will ensure that all its procurement operations are fully consistent with the prescribed rights and responsibilities and that they respect the fundamental rights within the Victorian Charter of Human Rights and Responsibilities Act 2006 (Vic).

### 13 Roles and Responsibilities

These management positions are responsible for the implementation, communication and compliance monitoring of this Policy in their work areas.

| Party/Parties           | Roles and responsibilities  |
|-------------------------|---|
| Chief Executive Officer | Ensure overall organisation compliance with this Policy   |
| Chief Operating Officer | Overall responsibility for the Policy implementation and compliance   |
| Managers / Coordinators | Ensure compliance with the Policy by all Council Officers under their supervision   |
| All Employees           | Ensure all purchases for goods, services or works are undertaken in compliance with the systems and procedures designated by this Policy and associated procedure |

It is the responsibility of all officers to monitor and ensure compliance with the requirements of this Policy. Check points will be put in place within the Council's purchase order system to ensure compliance before orders can be completed.

Council employees not complying with the requirements of this Policy may be in breach of the Employee Code of Conduct and subject to disciplinary action.

### 14 Supporting Documents

- Councillor Code of Conduct [Councillor Code of Conduct.pdf](#)
- Corporate Debit and Credit Card Policy [Corporate Debit and Credit Card Policy.pdf](#)
- Employee Code of Code of Conduct [Employee Code of Conduct.pdf](#)
- Gift Benefits and Hospitality Policy [Gift Benefits and Hospitality Policy.pdf](#)
- Procurement Management Manual [Procurement Management Manual.pdf](#)
- Procurement – Resources to Guide Your Procurement Journey [Procurement - Resources to Guide Your Procurement Journey.pdf](#)
- Procurement Process – Step by Step Guide [Procurement Process - Step by Step Guide YSC.pdf](#)
- Risk Management Manual [Risk Management Manual \(Strategy and Policy\).pdf](#)

**15 Consistency with Governance Principles Local Government Act 2020**

| <b>Governance Principle</b>   | <b>Section of Policy where covered</b>   |
|---|--|
| (a) Council decisions are to be made and actions taken in accordance with the relevant law;   | Section 1.4  |
| (b) priority is to be given to achieving the best outcomes for the municipal community, including future generations;   | Section 1.2 outlines the objectives of the Procurement Policy, which includes providing the best outcome for the municipality, including future generations. |
| (c) the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted; | Section 4  |
| (d) the municipal community is to be engaged in strategic planning and strategic decision making;   | Section 4  |
| (e) innovation and continuous improvement is to be pursued;   | Section 4  |
| (f) collaboration with other Councils and Governments and statutory bodies is to be sought;   | Section 4  |
| (g) the ongoing financial viability of the Council is to be ensured;  | Section 4  |
| (h) regional, state and national plans and policies are to be taken into account in strategic planning and decision making;   | Section 1  |
| (i) the transparency of Council decisions, actions and information is to be ensured.  | Section 4  |

In giving effect to the overarching governance principles, a Council must consider the following supporting principles—

- a) the community engagement principles;
- b) the public transparency principles;
- c) the strategic planning principles;
- d) the financial management principles;
- e) the service performance principles.

## Council Approved Policy

|                        |                                    |  |  |
|------------------------|------------------------------------|--|--|
| <b>Policy Adopted:</b> | Ordinary Meeting, 25 August 2021   | Minute Page 105  | Considered the first version that complied with the Local Government Act 2020 – section 108. |
|                        | <b>Policy Reviewed:</b>            | Ordinary Meeting, 23 February 2022   | Minute Page 22   |
|                        | Ordinary Meeting, 23 November 2022 |  | Version Three  |
|                        | 13 December 2022                   | Administrative update with the addition of the new Manager Family Youth and Children in accordance with the CEO delegation |  |
|                        | 23 August 2023                     | Minute Page 30   | Version Five   |
|                        | Ordinary Meeting 28 August 2024    | Minute Page 34   | Version Six  |



**16 Annexure A – Authorised Delegations Listing**
**Authorised Delegations Listing as Delegated by the Chief Executive Officer Date: Valid for Four Years (2021-2025)**

The Delegation is to the Position in Council. This includes when employees and labour hire contractors are appointed to an Acting role, authorised by the Chief Executive Officer.

| <b>Position</b>   | <b>Delegation Limit (excluding GST)</b> | <b>Procurement Delegations Description</b>  |
|---|---|---|
| Chief Executive Officer   | \$250,000                               | Approval of the purchase of Goods, Services and Works   |
| Chief Operating Officer   | \$100,000                               | Approval of the purchase of Goods, Services and Works   |
| Managers  | \$80,000                                | Approval of the purchase of Goods, Services and Works   |
| Coordinators / Team Leaders<br>(At the CEO's sole discretion, based on position requirements)               | \$5,000                                 | Approval of the purchase of Goods, Services and Works   |
| Payroll / Accounts Payable Officer  | \$2,500                                 | Corporate Credit Card   |
| Either the Chief Executive Officer or Chief Operating Officer<br>(Nominated by the CEO at their discretion) | \$5,500                                 | Corporate Debit Card for the purchase of SaaS product subscriptions and CEO delegated transactions only |

**17 Annexure B - Exemptions**

The following procurements are either exempt from market engagement and/or the requirement for a Purchase Order. With the Chief Executive Officer's approval, exemptions can be added or removed from this list at any time.

| <b>Category</b>                      | <b>Description</b>  | <b>Exempt from Market Engagement</b> | <b>Exempt from Purchase Order</b> |
|--------------------------------------|---|--------------------------------------|-----------------------------------|
| <b>Utilities</b>                     | Electricity, Gas, Water and Telephone Services                              | No                                   | Yes                               |
| <b>Insurance Premiums and Claims</b> | Workcover and other insurances  | Yes                                  | No                                |
| <b>Prescribed Contracts</b>          | Legal Services  | Yes                                  | No                                |
| <b>Payroll Expenses</b>              | Superannuation and PAYG   | Yes                                  | Yes                               |
| <b>GST</b>                           | Good and Services Tax Payable   | Yes                                  | Yes                               |
| <b>Postage</b>                       | Australia Post  | Yes                                  | No                                |
| <b>Vehicle Registrations</b>         | VicRoads Vehicle Registrations  | Yes                                  | Yes                               |
| <b>Councillor Expenses</b>           | Allowances and Reimbursements   | Yes                                  | Yes                               |
| <b>Refundable Trust Funds</b>        | Includes Security Bonds, Contract Retentions and other funds held in trust  | Yes                                  | Yes                               |
| <b>Levies</b>                        | EPA Victoria Levy   | Yes                                  | Yes                               |
|                                      | Fire Services Property Levy   | Yes                                  | Yes                               |
| <b>Other</b>                         | Acquisition of Land and Buildings   | Yes                                  | Yes                               |
|                                      | Medical Expenses  | Yes                                  | No                                |
|                                      | Venue Hire  | Yes                                  | No                                |
|                                      | Memberships and Subscriptions   | Yes                                  | Yes                               |
|                                      | Software Renewals   | Yes                                  | No                                |
|                                      | External Audit Fees – Victorian Auditor General's Office                    | Yes                                  | No                                |
|                                      | Annual Community Grants   | Yes                                  | No                                |
|                                      | Professional Workshop and Conference Registration Fees and associated costs | Yes                                  | No                                |
| Loans and Investments                | Yes   | Yes                                  |                                   |

| Category | Description             | Exempt from Market Engagement | Exempt from Purchase Order |
|----------|-------------------------|-------------------------------|----------------------------|
|          | General Advertising     | Yes                           | No                         |
|          | Recruitment Advertising | Yes                           | No                         |

### 18 Annexure C – Hyperlinks to Documents Referenced Through-out Policy

The following table provides Hyperlinks to the various documents referenced through-out this Policy

| Name of Document   | Hyperlink  |
|--|--|
| YSC – Gifts, Benefits, Hospitality Policy                                | <a href="#">Gift Benefits and Hospitality Policy.pdf</a>                                       |
| YSC – Procurement Management Manual                                      | <a href="#">Procurement Management Manual.pdf</a>  |
| Best Practice Procurement Guidelines for Victorian Local Government 2024 | <a href="#">Victorian-Local-Government-Best-Practice-Procurement-Guidelines-2024-Final.pdf</a> |
| YSC – Human Resource Policy & Guidelines Manual                          | <a href="#">Human Resource Policy and Guidelines Manual.pdf</a>                                |
| YSC – Councillor Code of Conduct   | <a href="#">Councillor Code of Conduct.pdf</a>   |
| YSC – Employee Code of Conduct   | <a href="#">Employee Code of Conduct.pdf</a>   |
| YSC – Internal Memo - Justification Exemption to Procurement Policy      | <a href="#">Internal Memo - Justification Exemption to Procurement Policy.dotx</a>             |
| YSC – Procurement Panel Quote Selection Justification                    | <a href="#">Procurement Panel Quote Selection Justification Template.dotx</a>                  |
| YSC – Procurement Panel Exemption Form                                   | <a href="#">Procurement Panel Exemption Form.pdf</a>   |
| YSC – Variation Order  | <a href="#">Variation Order.xlsx</a>   |
| YSC – Variation Register   | <a href="#">Variation Register.xlsx</a>  |
| YSC – Corporate Debit & Credit Card Policy                               | <a href="#">Corporate Debit and Credit Card Policy.pdf</a>                                     |
| YSC – Procurement – Resources to Guide Your Procurement Journey          | <a href="#">Procurement - Resources to Guide Your Procurement Journey.pdf</a>                  |
| YSC – Procurement Process - Step by Step Guide                           | <a href="#">Procurement Process - Step by Step Guide YSC.pdf</a>                               |
| YSC – Risk Management Manual   | <a href="#">Risk Management Manual (Strategy and Policy).pdf</a>                               |



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