

COUNCIL POLICY

# Procurement

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## Contents

1. Purpose.....	4
2. Scope.....	4
3. Principles.....	4
3.1 Value for money Outcomes.....	4
3.2 Open, Fair and Unbiased.....	4
3.3 Social Value.....	4
3.4 Probity, Transparency and Accountability.....	5
3.5 Risk Management.....	5
3.6 Environmental Sustainability.....	5
3.7 Continuous Improvement.....	6
3.8 Collaboration.....	6
4. Policy details.....	6
4.1 Purchasing Methods and Procurement Thresholds.....	6
4.1.1 Assessing Thresholds.....	7
4.1.2 Contract Variations.....	7
4.1.3 Purchasing Methods and Conditions.....	7
4.2 Mandated Services and Suppliers.....	8
4.3 Procedural Exemptions.....	8
5. Roles and responsibilities.....	8
6. Financial Delegation.....	9
7. Breaches.....	9
8. Human Rights Charter compatibility.....	9
9. Equity Impact.....	9
10. Supporting documents.....	10
11. Definitions and abbreviations.....	11
12. Approval.....	13

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**REVISION RECORD**

Date	Version	Revision description
06/06/2020	7.0	Adopted Changes to requirements for purchases between \$10,000 - \$75,000, and the requirement for all supplier recommendations to be approved by two officers.
12/05/2021	8.0	Adopted Included changes to three of the threshold brackets.
14/12/2021	9.0	Adopted Transition to <i>Local Government Act 2020</i> requirements including value for public tendering. Emphasis on collaborative procurement.
27/06/2023	10.0	Draft for adoption by Council Changes to reflect Council operational environment. Changes to all thresholds and requirements. Inclusion of <i>Modern Slavery Act 2018</i> , Child Safe and Gender Equality Policies.



## 1. Purpose

Section 108 of the *Local Government Act 2020* requires Councils to prepare, approve and comply with a procurement policy.

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

- Ensure compliance with legislation
- Achieve best value outcomes with respect to scope, quality and price
- Ensure that purchasing is open, fair and unbiased
- Seek to support local procurement
- Achieve high standards of probity, accountability and risk management
- Ensure that purchasing practices are socially and environmentally sustainable
- Promote continuous improvement and collaboration.

## 2. Scope

This policy applies to all purchases of, and contracts to purchase, goods, services and works.

It is binding upon Council staff and all persons undertaking procurement on behalf of Council, including volunteers, contractors, consultants, councillors and related committees.

## 3. Principles

Council will apply the following principles in all procurement activities:

### 3.1 VALUE FOR MONEY OUTCOMES

Council will seek to maximise value in all purchasing activities.

Factors such as quality, quantity, risk, experience, social impact, environmental sustainability, timeliness and cost on a whole-of-contract and whole-of-asset life basis will be considered to achieve the optimal combination which defines best value.

### 3.2 OPEN, FAIR AND UNBIASED

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

### 3.3 SOCIAL VALUE

Where equivalent value can be sourced both locally and elsewhere, the goods and services should be purchased, where practicable, from the local supplier.

### 3.4 PROBITY, TRANSPARENCY AND ACCOUNTABILITY

Procurement activities will be performed with integrity and in a manner able to withstand the closest scrutiny.

Procedures will be designed to ensure that procurement objectives are met.

Requirements will be clearly communicated to staff and enforced through a combination of management oversight and audit practices.

Documentation will be maintained to ensure a clear audit trail.

### 3.5 RISK MANAGEMENT

Council will ensure that risks are identified, evaluated and treated.

Council will ensure that systems and authorisations are in place to mitigate unethical behaviour and set the parameters of responsibility and authority.

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

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

The procurement of goods, services and works will comply with Council's OHS processes and safety management system to ensure hazards are identified and controlled so far as reasonably practicable.

Where relevant, suppliers must have appropriate OHS practices, insurances and quality assurance processes relevant to the nature of goods, services or works being supplied. Council will use best endeavours to take into consideration relevant ethical supply chain.

Council is committed to creating and maintaining a child safe organisation, where protecting children and preventing and responding to child abuse is embedded in all relevant activities. Council will include reference to working with children legislation in all relevant procurement activities.

### 3.6 ENVIRONMENTAL SUSTAINABILITY

Council will aim to make purchases that have the least impact on environmental and human health, within the context of purchasing on a best value basis. Preference will be given to purchasing products and services which:

- Minimise use of raw materials
- Maximise reuse and extension of goods already in circulation
- Minimise residual waste including emissions and pollution
- Minimise the impact on natural habitats

Council will utilise existing standards where relevant to aid in assessment of environmental sustainability considerations, for example energy consumption ratings or independent environmental responsibility certifications.

Suppliers may be asked to supply information about their supply chains and environmental practices. Council may consider whole of life impacts of purchases, from

raw material inputs, packaging and distribution impacts, consumption and waste from usage and the ability to recycle or dispose of goods safely at end of life.

### 3.7 CONTINUOUS IMPROVEMENT

Council will seek to continually drive improvements in processes, tools and technologies with the objectives of reducing costs, achieving best practice and most effectively delivering on Council objectives.

### 3.8 COLLABORATION

Council will seek and encourage the development of procurement collaboration with other councils and organisations. Approved collaborative procurement can be in the form of collaboration with other Councils or approved aggregated contract and supplier panels including but not limited to Procurement Australia, Municipal Association of Victoria, State or Federal Government panel contracts.

Any report to the Council that recommends entering into a procurement agreement must include information in relation to opportunities for collaboration with Council or public bodies which may be available.

## 4. Policy details

### 4.1 PURCHASING METHODS AND PROCUREMENT THRESHOLDS

Prior to entering a commitment to conducting purchasing, the purchasing officer must:

- a. ensure that sufficient funding is or will be available;
- b. where the purchase exceeds \$3,000 (GST exclusive), gain the approval of a more senior officer with adequate approval limits under the Financial Delegations as approved by the Chief Executive Officer.

Where the purchasing officer is the Chief Executive Officer, b) does not apply.

Commitments which exceed the Chief Executive Officer's financial delegation must be approved by Council.

The term 'list price' is interchangeable with the term 'quote' where it is industry practice to provide a list price with no further room for negotiation (for example, anti-virus software).

Information regarding Current Tenders will be published on Council's website and Awarded Tenders will be recorded in Council meeting minutes.



### 4.1.1 Assessing Thresholds

For the purpose of assessing thresholds, the procurement threshold is to be inclusive of the total value of the purchase over its lifetime (GST exclusive).

In the case of contracts, the lifetime is the span of the contract including any extension options (GST exclusive). In the case of non-contracted purchases, the procurement threshold is the expected amount to be spent on that service from that supplier over the span of one year (GST exclusive), unless otherwise specified.

### 4.1.2 Contract Variations

All contract variations must be assessed to determine whether they are a variation or in effect a new contract. Consideration is to be given on whether the subject matter of the variation is in line with the original scope and the monetary value is in the context of the Procurement Policy thresholds.

### 4.1.3 Purchasing Methods and Conditions

The following purchasing methods and conditions are the minimum standards to apply for all procurement activities within each nominated procurement threshold.

Procurement Threshold	Purchasing Method	Purchasing Conditions
Up to \$3,000	Verbal quotation	Seek and receive at least one quote OR purchase using approved collaborative procurement No purchase order required
>\$3,000 - \$20,000	Written quotation	Seek and receive at least one quote OR purchase using approved collaborative procurement Purchase order required
>\$20,000 - \$50,000	Written quotation	Seek and receive at least two quotes OR purchase using approved collaborative procurement Purchase order required
> \$50,000 –\$80,000	Request for Quotation (RFQ)	Seek and receive at least three quotes OR RFQ published on Council's tender website and open to response from any supplier OR purchase using approved collaborative procurement Purchase order required
>\$80,000-\$200,000	Request for Quotation (RFQ)	RFQ published on Council's tender website and open to response from any

Procurement Threshold	Purchasing Method	Purchasing Conditions
		supplier OR purchase using approved collaborative procurement Written contract required
>\$200,000	Invitation to Tender (ITT)	ITT published on Council's tender website and open to response from any supplier OR purchase using approved collaborative procurement Written contract required

## 4.2 MANDATED SERVICES AND SUPPLIERS

Mandated services which are provided by mandated providers are exempt from the requirement for quotations and tenders up to the \$200,000 procurement threshold (GST exclusive). This is most commonly applicable to intergovernmental services such as auditors, the Victorian Civil and Administrative Tribunal (VCAT), and water authorities.

## 4.3 PROCEDURAL EXEMPTIONS

Under specific circumstances exemption from the methods of this policy may be sought.

These include:

- A contract made because of genuine emergency or disaster
- Proven monopoly market
- Professional services or supply unsuitable for tendering
- Adverse effect on value for money or public interest
- Novated contracts

Exemptions are to be approved by the Chief Executive Officer within their financial delegation, exemptions that exceed this threshold can only be approved by Council.

## 5. Roles and responsibilities

The following positions are responsible for

Responsibility	Role / Position
Adherence to the requirements of the Procurement Policy	All individuals and entities undertaking procurement on behalf of Council
Ensure that approved procurement provides best value and comply with legislation.	Alpine Leadership Team
Put in place controls to monitor and enforce adherence to the Procurement	Manager Corporate



Responsibility	Role / Position
Policy and conduct a review at least every two years	

## 6. Financial Delegation

The Chief Executive Officer (CEO) will maintain a register of Financial Delegations, which defines limits for authorised expenditure for staff with procurement responsibilities. Officers must ensure that funding is or will be authorised expenditure for staff with procurement responsibilities. Officers must ensure that funding is or will be available prior to raising a purchase order. Procurement of goods or services in excess of an individual officer's limits must be approved by a more senior officer with adequate approval limits. Approval limits are exclusive of GST.

Council provides Financial Delegation to the CEO through the "S5 Instrument of Delegation to the CEO", which sets out limits for approval of contracts and expenditure. Contracts and expenditure more than the CEO's Financial Delegation must be approved by Council.

## 7. Breaches

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

## 8. Human Rights Charter compatibility

This policy has been assessed as being compatible with the *Charter of Human Rights and Responsibilities Act 2006 [Vic]*.

## 9. Equity Impact

As per the *Gender Equality Act 2020*, (GEA Act), Council has completed a gender impact assessment and will continue to review in alignment with Policy review.

Given the legislative requirements, when advertising relevant tenders, Council will consider the impact of options available to advance gender equality through procurement activity. This may include practices to support supplier diversity (e.g: supporting women-led businesses) but also filter categories such as requiring suppliers to be compliant with the Workplace Gender Equality Act (Cth) or have gender equitable practices in place.

## 10. Supporting documents

This policy should be read in conjunction with all other relevant, Council policies and procedures, as well as relevant legislative requirements.

### Related Legislation

- *Local Government Act 2020 [Vic]*
- *Relevant provisions of the Competition and Consumer Act 2010 (Cth)*
- *Gender Equality Act 2020*
- *Modern Slavery Act 2018 (Cth)*
- *Occupational Health and Safety Act 2004*
- *Working with Children act 2005*
- *Freedom of Information Act 1982*
- *Privacy and Data Protection Act 2014*
- *Public Records Act 1973*
- *Security of Payments Act 2002*
- *Local Government (General) Regulations 2015*
- *Local Government (Governance and Integrity) Regulations 2020*
- *Local Government (Planning and Reporting) Regulations 2020*

### Related Guidelines, Operational Directives or Policies

- Employee Code of Conduct
- Councillor Code of Conduct
- Community Engagement Policy
- Entering Into Legal Agreements Policy
- Information Privacy Policy
- Employee Gift Policy
- Records Management Policy
- Fraud and Control Policy
- Health and Safety Policy
- Gender Equality Policy
- Corporate Credit Card Policy
- Child Safe Policy
- S5 Instrument of Delegation
- Financial Delegation
- Environmental Sustainability Guide

### Related Procedures

- P.89 Procurement Procedure

## 11. Definitions and abbreviations

Term	Meaning
the Act	<i>Local Government Act 2020</i>
Contract	An agreement between two or more authorised persons on behalf of their organisations to perform or not perform a specific act/s that is enforceable in law. A contract may be verbal or written or inferred by conduct.
Delegate	A person authorised by the Council or Chief Executive Officer to make general or specified decisions constrained only by the instrument of delegation. Specifically, delegates commit and incur expenditure. The delegate is responsible for actions arising from their use of such power.
Invitation to tender (ITT)	A publicly advertised invitation to tender against a set of clearly defined and specified requirements. Tenderers are advised of all requirements involved, including the conditions of tendering and proposed contract conditions.
Local	In the context of this policy the definition of local is one that seeks to support manufacturers and suppliers located: <ul style="list-style-type: none"> <li>• Firstly within the municipal boundary</li> <li>• Secondly within municipalities adjacent or near to the municipality</li> <li>• Thirdly within Australia</li> </ul>
Panel	A panel arrangement is a tool for the procurement of goods or services regularly acquired by entities. In a panel arrangement, a number of suppliers are selected, each of which are able to supply identified goods or services to an entity.
Probity	In the context of a procurement process, probity is a defensible process that is able to withstand internal and external scrutiny – one that achieves both accountability and transparency, providing suppliers with fair and equitable treatment.
Procurement	Procurement is the whole process of acquisition of external goods, services and works. It can include planning, design, standards determination, specification writing, preparation of quotation and tender documentation, selection of suppliers, financing, contract administration, disposals, and other related functions. It also includes the organisational and governance frameworks that underpin the procurement function.



Term	Meaning
Procurement Threshold	The value above which a procurement, unless exempt, is subject to the mandatory procurement methods and conditions.
Purchase order	A form of contract, which is an official document used to authorise and record the purchase of goods or services by a buyer. It is the prime reference confirming the contractual situation between the buyer and supplier.
Quotation/quote	An offer to supply goods and/or services at a stipulated price or rate, usually in response to a request for quotation.
Request for quotation (RFQ)	A written process of inviting offers to supply goods and/or services involving simple documentation that specifies the requirements.
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
Tender	An offer in writing to supply goods and/or services, usually submitted in response to a public or selective invitation such as an invitation to tender.
Tender process	The process of inviting parties to submit a tender using public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.
Value for money	Value for Money in Procurement takes into consideration both cost and non-cost factors when selecting supply of goods, services and works. Factors may include: contribution to advancement of the Council's priorities; fit for purpose based on quality, service and support; cost related factors including whole of life costs and transaction costs associated with acquiring, using, holding and maintaining along with end of life costs associated with goods, services or works

## 12. Approval

THE COMMON SEAL OF THE  
ALPINE SHIRE COUNCIL was  
hereunto affixed this 27th day of June  
2023 in the presence of:



SARAH NICHOLAS  
COUNCILLOR

[Signature]  
SIGNATURE

KATARINA HUGHES  
COUNCILLOR

[Signature]  
SIGNATURE

WILL JEREMY  
CHIEF EXECUTIVE OFFICER

[Signature]  
SIGNATURE