

PROCUREMENT POLICY

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| Date adopted: | December 2024 |
| Responsible officer: | Director Corporate & Community Services |

1 INTRODUCTION

The role of Procurement is a key component of achieving strategic business objectives. Section 108 of the *Local Government Act 2020* (the Act) requires councils to adopt a procurement policy which specifies the principles, processes and procedures applicable to the purchase of goods, services and works by the council.

Pyrenees Shire Council employees must apply the highest levels of ethical behaviour in all areas of their work. This is particularly important in procurement which involves the expenditure of public money and is subject to more than usual public scrutiny.

Probity means integrity, uprightness and honesty. Maintaining probity in procurement involves more than simply avoiding corrupt or dishonest conduct. It means ethical behaviour that upholds public values and ensures impartiality, accountability and transparency.

Transparency and accountability in procurement gives suppliers confidence to participate in business with the Council; and builds and maintains trust with our community members. An ethical culture minimises the cost of managing risks and enhances confidence in public administration.

1.1 Purpose and scope

This policy seeks to:

- promote open and fair competition and the provision of value for money in all of Council's procurement and purchasing activities,
- provide guidance to officers allowing for consistency and control of ethical procurement activities,
- demonstrate accountability to ratepayers and our community,
- ensure that Council resources are used efficiently, effectively, and for the benefit of the municipal community, and
- increase the probability of obtaining the right outcome when purchasing goods and services.

This policy applies to all procurement and contracting activities at Council and is binding upon all staff. Staff engaged in any procurement activities must be able to demonstrate that they have complied with this policy. This policy heads the Procurement and Contract Management Framework.

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

1.2 Financial delegations of authority

Council’s relevant instrument of delegation determines the levels of delegation authority required for expenditure on each instance of procurement.

Purchase orders or contracts must be raised for each individual procurement, unless procured via purchasing card, and all subsequent variations.

Measures that intentionally seek to avoid the requirement of the procurement thresholds, e.g., contract splitting, purchase order splitting, or placing multiple orders / quotations with a single supplier, or engaging a single supplier under different guises, are considered to be a breach of this policy.

1.3 The Procurement Cycle

Procurement for high value and/or complex matters should follow the procurement lifecycle steps summarised below. More information on the procurement cycle is provided in the supporting *Guidelines: The Procurement Cycle* and applies to more formal / complex procurement activities.

- a. **Planning:** covering activities from the identification of the need for a procurement through to the development of tender documentation.
- b. **RFx preparation:** covering activities from the drafting of RFx documentation through to the RFx closing time.
- c. **Evaluation:** covering activities from the close of RFx through to the respondent shortlisting phase.
- d. **Negotiation and contract award:** covering activities from the shortlisting of respondents through to the awarding of a contract.
- e. **Contract and supplier management:** covering activities after the awarding of a contract through to the conclusion of the contract.
- f. **Performance review:** covering activities that should occur towards the conclusion of the contract delivery phase.



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2 PROCUREMENT METHODOLOGY AND THRESHOLDS

The procurement methodology to be used is dependent on the value threshold and/or risk of the purchase. The value threshold to determine the methodology is the total accumulated spend for the procurement, including any anticipated variations for the procurement activity.

Public Tender/EOI processes may be used for procurement where the value of goods, services or works is below the public threshold amount listed below. These may be situations where a public procurement process is preferred or prudent, managing risk considerations are paramount, or there is a desire for greater transparency of the procurement.

Best practice requires that, if doubt exists as to the likely value of an intended contract, then a public procurement process should be undertaken. This increases the prospect that the goods or services are purchased or obtained at a competitive rate and in a transparent manner.

All procurement processes are subject to the authorised purchaser having sufficient financial delegations in place.

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| \$0.01 to <\$2,000 | <ul style="list-style-type: none"> • One informal quote • Can be paid by purchasing card • Can be procured via purchase order and pay on invoice |
| \$2,000 to <\$50,000 | <ul style="list-style-type: none"> • Seek a minimum of two quotes • Procure via purchase order through e-system • Director exemption must be sought from requesting two quotes |
| \$50,000 to <\$100,000 | <ul style="list-style-type: none"> • Seek a minimum of three quotes • Procure via purchase order through e-system • Address associated risk issues including OHS • Director exemption must be sought from requesting three quotes |
| \$100,000 to <\$300,000 | <ul style="list-style-type: none"> • Seek a minimum of three quotes and/or consider whether more competitive EOI or Tender process is required (optional) • Obtain a minimum of three written quotations. • Address associated risk issues including OHS • CEO exemption must be sought from requesting three quotes |
| >\$300,000 | <ul style="list-style-type: none"> • Conduct an open Tender or EOI (Expression of Interest) process • A select Tender or EOI process can be followed using an approved pre-qualified panel or register • Address associated risk issues including OHS • Director and CEO exemption approval must be sought from not conducting an open Tender process • Approval for procurement / contract acceptance must be obtained through Council resolution unless formerly approved by Council decision |

2.1 Assessing the value of a contract

The value of all contracts for the purpose of compliance with this policy includes:

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- costs for the full term of the contract, including any options for either party to extend the contract,
- applicable goods and services tax (GST),
- anticipated contingency allowances or variations, and
- all other known, anticipated and reasonably foreseeable costs.

In certain circumstances, where the contract price is nominal, it will be the market value of the goods, services or works which must be considered for the purpose of compliance with this policy.

Council should use budgeting processes, supported by the accounting system, to report by supplier identity in order to avoid commitments which would otherwise be aggregated to in excess of the public procurement threshold for any one supplier, with the objective of identifying the opportunity to aggregate spends before they are committed.

2.2 Collaborative procurement

Where practicable, Council will seek to collaborate with other councils, other levels of government and/or public agencies in order to take advantage of economies of scale, explore service design best practice, shared service opportunities and services, plus to drive innovation with suppliers. In particular, officers will consider opportunities with other councils within the Grampians / Central Highlands region where similar geographical and population interests may align.

Any opportunities for collaborative procurement must be considered in accordance with this policy.

Where a collaborative procurement opportunity is pursued, the following process applies:

- A pre-market approval submission should be submitted to each participating council prior to commitment to collaborate, seeking delegation of contract approval to CEOs,
- The lead council for the procurement project should be identified and a Heads of Agreement established that gives authority for the lead council to act as each council's agent in the collaborative process,
- Each of the participating councils will be able to enter into a contract with the preferred supplier identified through the collaborative procurement process, or may choose as a group to enter into a contract using 'opt in' contract provisions during the contract term, or with the lead council, and
- Each participating council must be involved in:
 - the initial decision to undertake the collaborative procurement,
 - preparation of, and agreement to, the specifications,
 - ensuring probity for the collaborative procurement process, and
 - the acceptance of tender(s) and awarding of contract(s).

Council may also collaborate with other councils, levels of government, or other bodies such as State Government Contracts (Fleet), MAV Procurement, or Procurement Australasia, to conduct procurement activities or utilise existing collaborative procurement arrangements established through a public tender process where it provides an advantageous, value-for-money outcome for Council.

Federal or State Government grant funded projects may be excluded from collaborative procurement.

Pursuant to section 109 of the LG Act, any Council report recommending the commencement of a procurement process should detail relevant information relating to opportunities for collaborative procurement if available, including:

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- the nature of any available opportunities and the other agencies with which they may be available, and
- why officers did, or did not, pursue the identified opportunities for collaboration in relation to the procurement process.

2.3 The use of procurement agents

Officers can use the services of a third-party agent (e.g., buying groups, buying companies, purchasing schemes). The use of agents should aim to gain value for money through economies of scale and ensuring that resources are used efficiently and effectively with transparency and accountability, and in a way that ensures officers are satisfied as to the integrity of the procurement process.

If an agent is used in procurement, control must be retained of the exercise and performance of Council's statutory powers and duties. A third-party agent procurement process should be in accordance with this policy and associated procurement processes, and with any other requirement that Council must meet, and the following actions should be taken to ensure compliance:

- Make an initial decision to purchase goods, services or works, including where applicable reviewing and settling on contract specifications, conditions of contract and other contract documentation before a public procurement process is conducted.
- Ensure that probity is in place for the procurement, including obtaining and reviewing the relevant procurement-related policies, processes and procedures of the agent.
- Make and document the decision to appoint an agent.
- Make a decision to either accept one of the submissions or reject all submissions, including reviewing all the submissions received, where applicable, and evaluating and selecting one of the suppliers or a panel of suppliers subject to obtaining value for money and not simply a panel of convenient suppliers, and
- Exercise discretion in accepting one of the submissions and not merely rely on the work undertaken by an agent.

3 EXEMPTIONS TO THE PROCUREMENT PROCESS

Procurement in the following circumstances may be exempt from competitive tender, quotation or EOJ processes:

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| A contract made because of genuine emergency or hardship | Where the Council has resolved that the contract or agreement may be entered into because of an emergency (e.g., via delegation to provide immediate response to a natural disaster or declared emergency). |
| A contract made with, or a purchase from a contract made by another government entity, government-owned entity or other approved third party | This general exemption allows for: <ul style="list-style-type: none"> • engagements with another government entity or government owned / authorised entity – e.g., Federal, State or Local Government, and/or • engagements reliant on contracts and arrangements established by another government entity, local authority, or local government group purchasing scheme – e.g., Municipal Association of Victoria (MAV), National Procurement Network members, or Procurement Australia. |
| Extension of contracts while the Council is at market | Allows the Council to extend an existing contract where the procurement process to replace the contract has commenced, and |

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| | <p>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> |
| Market monopoly or sole supplier | <p>Any procurement where a supplier has a market monopoly, or has sole ownership or rights over a service, asset or goods, and its use, or is mandatory for use by Council; may be exempt from normal procurement thresholds and be procured via direct negotiation. This specifically applies to:</p> <ul style="list-style-type: none"> • Utilities such as Powercor that is mandated to work on its own assets. • Transport and transport assets e.g., V-Line or VicTrack. • Proprietary software and related maintenance e.g., Microsoft. • Maintenance that is propriety to an asset and can only be performed by a sole supplier. |
| Professional services unsuitable for tendering | <p>Including:</p> <ul style="list-style-type: none"> • legal services • insurance |
| Where annual tendering is externally conducted on behalf of councils as a body ¹ | <p>Including:</p> <ul style="list-style-type: none"> • Insurance |
| Novated contracts | <p>Where the initial contract was entered into in compliance with the Act and due diligence has been undertaken in respect to the new party.</p> |
| Information technology resellers and software developers | <p>Allows Council to renew software licenses and provision of specialise 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> |
| Regional Waste and Resource Recovery Groups | <p>Situations where a Regional Waste and Resource Recovery Group, constituted under the <i>Environment Protection Act 1970</i> has already conducted a public tender for and on behalf of its member councils.</p> |
| Statutory compulsory monopoly insurance schemes | <p>For example:</p> <ul style="list-style-type: none"> • motor vehicle compulsory third party • WorkCover insurance |
| Operating leases | <p>Where a lessor leases an asset (generally a vehicle or plant / equipment) to the Council and assumes the residual value risk of the vehicle.</p> |

¹ Where insurance cover is procured through an insurance broker, a Council is entering into two separate contracts: (a) the contract with the insurance broker with the value represented by the brokerage fee, and (b) the contract with the insurance underwriter with the value represented by the insurance premium and associated statutory charges. As both of these contracts would be considered contracts for services, both may be subject to this policy but each may attract a different procurement approach (MAV Procurement Guidelines for Local Government 2024)

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| Other specific Council exemptions | As defined elsewhere in this policy or the list provided at Appendix A . |
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3.1 Insufficient number of quotations

Situations may arise where insufficient quotations are received to satisfy the threshold requirements detailed in section 5.5. This may occur where there are few suppliers for the goods, services or works being sought, or the work is highly specialised. In this circumstance, the details of the contracted supplier(s) must be recorded along with appropriate comment and approval.

3.2 Sole or select sourcing

Supply of goods, services or works can be sought from one supplier (sole-sourcing) or a restricted group of suppliers (select-sourcing) where it is consistent with this policy and:

- it is in the public interest,
- there is only one or a limited number of available suppliers in the market or able to submit quotations, or
- Council is party to a joint arrangement where Council jointly owns the intellectual property with a third-party provider.

It is important to note that the only transparent means of demonstrating that multiple suppliers do not exist is to test the market. If that action demonstrates that there is only one supplier then a council may enter into a contract with that supplier, with appropriate approvals and mindful of the obligation to obtain value for money.

3.3 Leases and Licences (including software)

The following section provides guidance to staff on procurement for leasing and licensing arrangements.

- a. **Software licences:** are contracts for services. By making available a product to a council, the owner of the software licence is providing a service, including potentially extending to troubleshooting problems on behalf of licensee, providing software updates and otherwise assisting the licensee to utilise the software.

The fact that a software licence may amount to a limited grant of rights does not change the fact that its provision will amount to a service and this policy applies to these acquisitions.

Where Council establishes electronic systems and is subsequently (after the initial contract period) renewing software licences or upgrading systems, the following considerations should be made and documented when making a decision on future procurement:

- Is the software / supplier a monopoly and the only supplier available to provide the service, or are there other suppliers who could be asked to quote / tender?
 - Can the service renewal procurement be done within the requirements of this policy or are appropriate exemption approvals required?
 - Is the system or service still the most effective and best-fit for the organisation?
- b. **Property leases or licenses:** are not viewed as the purchase of a service, as the rent or licence fee being paid to the council is in return for the right to possess or use and management subject property. It is therefore not subject to this policy.

- c. **Loans:** are considered to be contracts of loan and not contractors for goods, services or the carrying out of works. Council has a specific borrowings policy, and these are therefore not subject to this policy.

However, consideration should be given to both the value for money and transparency requirements when raising loan funds. Placing a public notice is one means of achieving these requirements and significant savings may be achieved by promoting competition between lenders.

- d. **Purchase of land contracts:** are not considered to be contracts for goods, services or carrying out of works and are not included within this policy. Such decisions would always be subject to Council resolution.
- e. **Contracts for sale of goods by council:** are not contracts for the purchase of goods or services or for the carrying out of works by the Council and are not subject to the provisions of this policy.

4 PROCUREMENT PRINCIPLES

For optimal outcomes, these fundamental best practice principles to be applied to every procurement, irrespective of value and complexity:

- Value for money
- Open and fair competition
- Accountability
- Risk management
- Probity and transparency
- Sustainability
- Local economic benefits

a. Value for money

The Victorian Auditor General's Office (VAGO) defines value for money as *'the optimum combination of quality, quantity, risk, timeliness and cost on a whole-of-contract and whole-of-asset-life basis'*².

The benefits of the purchase must be weighed against the costs necessary for the optimum result for the Council and local community. It is not required to accept the lowest tender. Instead, it is required to consider issues of quality, cost, service accessibility and other factors relevant to Council and objectives of the Act.

Value for money is often mistaken for meaning the lowest price, however in terms of the contracting process value for money requires us to balance quality and price with as much transparency as is reasonably achievable. In this context price should consider the whole life cost of the provision so far as is practicable. Evaluation of value for money should consider both cost and non-cost factors including:

- Advancing the Council's priorities
- Ensuring fit-for-purpose
- Quality
- Service and support
- Whole of life cost and transaction costs associated with acquiring, using, holding, maintaining and disposing of goods, services or works

² VAGO Public Sector Procurement: Turning Principles into Practice, October 2007

- Support for the strategic direction of the Council, including environmental sustainability, local and social procurement, opportunities for aboriginal and Torres Strait Islander businesses and the circular economy
- Mandatory compliance obligations
- Tenderer capacity and capability to supply

Achieving Value for Money must be the basis of all procurement decisions within the Council.

b. Open and fair competition

All prospective suppliers must be treated (and seen to be treated) fairly in an open and transparent manner with the same access to information about the procurement to enable them to provide prices / submissions on the same basis. Officers must adequately test the market in a consistent manner without any bias, or perception of bias, so that potential suppliers and the public have confidence in the outcome.

c. Accountability

Accountability in procurement means being able to explain and provide evidence on the process followed.

Officers are responsible for the actions and decisions they take in relation to procurement and for the resulting outcomes. Officers are answerable for such activities through the established lines of accountability, ultimately to the CEO.

The test of accountability is that an independent third party must be able to clearly see that a process has been followed and that the process is fair and reasonable. Recordkeeping is paramount as every step of the process must be properly documented. There must be a sufficient audit trail to account for all procurement actions and decisions.

Processes are in place to ensure accountability regardless of the method of procurement, including:

- Processes to allow officers to identify and declare conflicts-of-interest.
- Codes of Conduct (Councillors and Council staff),
- Policies and procedures on fraud & corruption control, receipt of gifts & hospitality, and use of purchasing cards,
- A sound regime of internal controls including Instruments of Delegation,
- Effective internal audit functions, and
- Systems for providing feedback and managing grievances on all matters, including procurement.

d. Risk management

Strategies for managing risks associated with all procurement processes must follow Council's adopted risk management framework, in a way that allows for all risks to be identified, documented, evaluated and managed in a way that protects and enhances Council's capacity to manage the risks to its supply chain and the provision of essential goods, services and works.

- **Supply by contract:** the provision of goods, services and works by contract should use relevant Australian Standards for general contract provisions and conditions. Risk should minimise risk vulnerability through:
 - use of standardised contracts and contract clauses
 - obtaining security deposits of bank guarantees where appropriate

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- obtaining subject matter expert guidance in specification development
 - use or reference to relevant Australian Standards or equivalent
 - Effectively managing contracts including monitoring and enforcing performance and safety
- **Use of corporate purchase cards:** use of corporate purchasing cards is an effective way to acquire goods and services where it is not economical or practicable to issue purchase orders. Documented processes control the use of cards by:
 - Identifying officers authorised to use cards, consistent with financial delegations
 - Documenting expense thresholds for card use
 - Not allow ATM or other cash withdrawals
 - Identifying restrictions on use and on personal gain
 - Ensuring that purchasing cards are used solely by or with the approval of assigned cardholders
 - Implementing use agreements between Council and authorised cardholders
 - Require appropriate and segregated purchasing and approval processes
 - Enabling audit trails for card purchases
 - Articulating consequences for misuse or fraudulent use of cards

e. Probity and transparency

In all commercial dealings, the highest standards of honesty must be observed. All Council procurement processes must be conducted in a fair, honest and open manner, in the public interest and with the highest levels of integrity.

In procurement matters, all Council staff must:

- Complete and lodge a conflict-of-interest declaration prior to engaging in tender or quotation evaluation processes.
- Disclose in any conflict-of-interest declaration any general or material conflict of interest where it could be perceived that an interest might unduly influence them.
- Be excluded from exercising delegated powers, functions or duties if they have a conflict-of-interest.
- Must declare to their director any items or services delivered to Council that were not part of the requirements of a contract and which could be construed as gifts or new assets to Council. Such items must be referenced on supplier invoices.

In procurement matters, all Councillors must:

- Avoid conflicts between public duties as a Councillor and their personal interests and obligations.
- Not improperly direct or influence an officer in the exercise of any power or performance of any duty or function.

f. Sustainability

The use of sustainable procurement practices helps to meet the needs for goods, services and works more widely by maximising long-term net benefits for communities, including future generations.`

Council demonstrates sustainable procurement by:

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- Being accountable for its impact on society, the economy and the environment, including the impacts of the supply chain,
- Examining anticipated organisational, project and/or community needs,
- Continually improving sustainability specifications, practices and outcomes, and
- Planning and undertaking sustainability evaluations as part of contracting activities.

Council aims to strategically use procurement to drive sustainability outcomes. Depending on the nature of the procurement, officers should explore opportunities to engage suppliers who will help achieve Council's sustainability priorities and outcomes.

The following considerations were determined in line with these priorities:

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| Economic sustainability: | Supporting economic development priorities by: <ul style="list-style-type: none"> • increasing purchasing from local businesses located within the Pyrenees shire • increasing the use of local suppliers as contractors or sub-contractors • increasing generation of local employment • increasing support for local production and manufacturing • fostering innovation and emerging sectors • building relationships and capacity of start-ups and small business |
| Social sustainability: | Elevate the social value of doing business, in particular strengthen and building economic growth of local business and those in Aboriginal communities, by: <ul style="list-style-type: none"> • recognising the value brought by Aboriginal businesses through new procurement relationships and opportunities • increasing procurement from Pyrenees shire-based and Aboriginal businesses, particularly those registered with Traditional Owners of lands that make up the Pyrenees shire • increasing the use of local and Aboriginal businesses as sub-contractors • increasing employment of local Aboriginal people by Council and suppliers when appropriate, building capacity and skills |
| Environmental sustainability: | Increase implementation of environmentally sustainable business practice. Reduce pollution include carbon emissions from Council's supply chain by: <ul style="list-style-type: none"> • encouraging suppliers to reduce and offset greenhouse gas emissions and reduce pollution • reducing the impact of works, goods and services on the public (health and wellbeing, air quality, generation and disposal of hazardous materials or waste) • improving energy efficiency and encouraging renewable energy • improving water management and reducing water consumption • avoiding the use of fossil fuels in the delivery of products or services where practicable Stimulate the transition to a circular economy, reducing / eliminating waste, minimising the use of resources, water and energy by: <ul style="list-style-type: none"> • minimising the use of resources throughout the supply chain • selecting products / services that have a minimal effect on the depletion of natural resources or that regenerate natural resources |

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| | <ul style="list-style-type: none"> reducing waste to landfill through the supply chain and increase the use of materials that contain reclaimed resources |
| | Maintain biodiversity and climate adaptation, by protecting and enhancing the natural environment and green spaces of our municipality. |

To increase local sustainability:

Where Council can show value for money, capability and competency, and sufficient competition, Council may mandate only suppliers within the Pyrenees Shire may participate in a particular procurement environment.

Procurement evaluation processes may apply an evaluation weighting of up to 10% for tenders, RFQs or EOIs to support the development of employment and business within the municipality. When applying this 10% weighting Council will:

- Where appropriate:
 - identify if the procurement can be targeted to or adapted to encourage local business,
 - identify any barriers and limitations of the local supply market and consider opportunities to reduce,
 - include a statement this weighting is to encourage responses to identify the development of local business and will be evaluated as such, and
 - develop key performance indicators to measure responses.

- Include within RFQ, EOI and tender documentation a supplier question to identify potential local benefits.

If the application for local business benefits will result in an outcome that is unreasonable, will not deliver value for money, or is deemed not to be to the advantage of Council, then Council may elect to remove this weighting from the tender or quote documents.

5 ETHICAL STANDARDS

The following principles of responsible financial management will be applied to all procurement activities and:

- The availability of existing funds within an approved budget, or source of funds (e.g., grants), must be established prior to the commencement of any procurement action.
- Expenditure authorisation must always be within specific levels of financial delegation.
- Council funds must be used effectively in procurement activities with effort made to contain costs without compromising any of the procurement principles set out in this policy.

Council has no tolerance for fraudulent or corrupt behaviour and maintains appropriate policies and processes to prevent, identify and control improper conduct, fraud and corruption.

Those involved in procurement will:

- avoid conflicts between their public duties and their personal interests and obligations,
- treat potential and existing suppliers with equality and fairness,
- not seek or receive personal gain,

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- maintain confidentiality of Commercial in Confident information such as contract prices and other sensitive information,
- deal with suppliers in an honest and impartial manner that does not allow conflicts of interest,
- provide all suppliers and tenderers with the same information and equal opportunity, and
- be able to account for decisions and provide feedback on them.

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

5.1 Conflicts of interest

Conflict-of-interest declarations must be provided before approval to participate in procurement tender evaluation processes is granted, in accordance with Council’s Conflict of Interest Procedure.

Where an officer is providing advice as part of a procurement process, any conflicts of interest must also be declared. Officers are considered to be providing advice to the Council when they:

- Sign a report,
- Prepare part of a report (even when someone else’s name appears as author of the report),
- Provide information for inclusion in a report, and
- Present verbal advice to a meeting of Council or a procurement evaluation panel.

5.2 Acceptance of gifts and benefits

No Councillor or member of council staff must seek or accept any immediate or future reward or benefit (gift) in return for the performance of any duty or work for Council, or where it could be reasonably perceived as influencing them or their position or undermining their integrity or the integrity of the process in some way.

Any gift or benefit offered must be managed in accordance with Council’s policies and procedures. Councillors and officers, particularly staff involved in procurement or contract management:

- must not knowingly visit a current supplier’s premises without invitation when acting in their official capacity, and
- must not knowing engage a Council supplier for private benefit unless that engagement is on proper commercial terms.

6 INTERNAL CONTROLS

All persons engaged in procurement processes must follow established internal controls to ensure:

- for transactions above \$100,000, more than one person should be involved in and responsible for the authorisation and management of each transaction from end to end (segregation of duties) – this can be achieved through documented collaboration between officers or different officers being responsible for administration, evaluation and approvals.
- transparency in the procurement process,
- a clearly documented audit trail for procurement functions,
- appropriate authorisations obtained and documented,
- systems in place for appropriate monitoring and performance measurement, and
- processes in place for escalation of procurement matters where needed to the executive leadership team, the Audit & Risk Committee and/or the Council.

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Different staff should be assigned responsibility for different elements of related activities, as practicable with regard to low staffing levels. Where practicable it is recommended to have different officers assigned to:

- drafting and approving tender specifications
- raising and approving purchase orders
- receipting goods
- approving related invoices
- reviewing and reconciling financial records
- performing inventory

For approval of purchase orders and receipt of goods and services, the following process is in place:

- Accounts payable check that the invoice matches the original purchase order,
- Any variations to the purchase order are checked with the authorising officer, and
- The authorisation of the invoice by the authorising officer is evidence that the goods or services have been received and payment is approved

6.1 Accumulated spend – monitoring and control

Accumulated spend with the same supplier will be monitored by the executive leadership team annually to identify where accumulated small projects may rise above authorised procurement thresholds and without appropriate approvals. Where outside of appropriate authorisations, documented determination of appropriate rectification action will be undertaken.

6.2 Internal Audit

The use of internal audit reviews is the key means of providing assurance of adequate controls and mitigating the risks in procurement processes.

Council has also established an Audit & Risk Committee that oversees corporate governance, including financial and performance reporting, risk management, internal and external audit, and internal control.

Council’s internal audit provider may be used as a probity auditor for key procurement activities.

7 PRE-QUALIFIED SUPPLIER PANELS

One valid outcome of a procurement process is the appointment of a panel of suppliers to promote security of supply. Typical examples include the appointment of a range of trade services to undertake maintenance works.

These panels will contain:

- An agreed procurement methodology when using suppliers from the panel,
- Qualification criteria to assess suppliers on registration and selection,
- Supplier registration process and framework.

Panel registration methodology will generally be by public tender or EOI process and in accordance with the relevant procedure.

7.1 Accessing external panel contracts

Under an existing externally approved tendering agent or Victorian Government Contract, e.g., Procurement Australasia, Municipal Association of Victoria, or Victorian State contracts, all of which have been market tested, staff should:

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- Prepare a project brief and obtain a minimum of two quotes from suitable panel members or arrangement.
- Evaluate quotes.
- Following the process required by the agent or contract.

8 EXPRESSIONS OF INTEREST (EOI)

Council may determine to seek an EOI where:

- There are likely to be many tenderers.
- Tendering will be costly because the procurement is complex, and Council does not wish to impose the costs of preparing full tenders on all tenders. In this circumstance, an EOI may be the first stage in determining a short list of selected tenderers.
- There is uncertainty as to the willingness and/or interest of vendors to offer the required procurement.
- Council requires advice from the market regarding how best to address a particular need.

An EOI process must be publicly advertised and may follow a similar process to tenders, using the e-system.

Once the evaluation to the OI is completed, a select tender can then be conducted from preferred respondents if required.

9 TENDERS

Tender processes should be planned as part of project development and budgetary processes. Detailed processes are provided in Council's **Procedure for Procurement via Tender**.

All public tenders invited by Council will be published and managed electronically via Council's e-Tendering Portal (currently TenderLink) and may be advertised in the media. Information regarding current tenders and awarded tenders will be published on Council's website.

Late tenders will not be accepted (unless authorised by the relevant director or Chief Executive Officer).

9.1 Tender evaluation

A tender evaluation panel will be established to evaluate each tender submission against the tender's selection criteria. Tender evaluation panels can include external personnel in order to ensure the best outcome for a procurement activity and must comprise of at least 3 (three) persons. Tender evaluation panel meetings should include a member of the governance or finance teams as observers to ensure appropriate governance oversight is maintained.

A detailed Tender Evaluation Plan will be developed, approved by the project sponsor/manager and strictly adhered to by the tender evaluation panel. The Tender Evaluation Plan will include the establishment of detailed evaluation criteria and the application of a pre-approved and robust weighted scoring system. The Tender Evaluation Plan must be completed and approved by the Project Sponsor prior to the tender or quotation being issued.

When evaluating a tender, value for money is the primary evaluation objective taking into account both cost and non-cost factors (not necessarily the lowest cost). This should include:

- A cost weighting for evaluation of between 60% to 100%. Should a requirement for the weighting be lowered below 60%, director approval must be obtained.
- Ensuring the produce and service is fit for purpose.

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- Quality assurance.
- Appropriate service and support.
- Consideration of 'whole of life' cost.

The following evaluation criteria categories may be included to determine whether a proposed contract provides value for money:

- Mandatory compliance criteria – e.g., licensing, OHS requirements
- Tendered price
- Capacity of the tenderer to provide the goods / services / works
- Capability of the tenderer to provide the goods / services / works
- Demonstration of sustainability
- Local content
- Financial sustainability of the tenderer

9.2 Probity plan

A formal probity plan should be developed, and a probity advisor appointed in the following circumstances:

- Where the proposed total contract sum exceeds \$1 million over the life of the contract, or for a less value set by Council from time-to-time, or
- Where a proposed contract is considered by Council or the CEO to be particularly complex, of a high risk or controversial nature, and requiring a high level of public confidence.

A probity plan should cover the following matters:

- identification of the contract,
- objectives of the probity processes,
- statement on the proposed application of probity principles,
- roles and responsibilities of each participant in the evaluation process and probity auditing,
- specification of what probity auditing will occur,
- probity tasks, documents and timelines,
- measures for ensuring confidentiality and security,
- communication protocol with respondents (to ensure that no one submission obtains an unfair advantage over others), and
- record keeping requirements.

9.3 Probity advisor / auditor

A probity advisor may be appointed to any tender evaluation panel and may be appointed to oversee the evaluation process.

Where a probity plan is considered appropriate, this may include the appointment of a probity advisory or auditor to provide advice on issues which may arise, together with advice on strategies to overcome potential problems.

Where a probity advisor or auditor is appointed, this should occur before the specifications and documentation are completed. A probity advisor or auditor must be independent and have the necessary skills and experience. The probity advisory or auditor should take no part in the decision-making process of the evaluation panel, but the probity advisor may assist the panel on probity matters.

9.4 Probity report

A probity auditor's report of an audit should incorporate the following:

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- definition of the scope of the audit,
- statement that the probity auditor has been able to fulfil their project brief in order to express an opinion on the RFX process,
- brief description of the probity framework (e.g., plans, policies, guidelines) against which the review has been conducted,
- statement about whether or not the audit was conducted according to the probity framework,
- list of any qualifications or limitations on the probity auditor’s opinion on the process, and
- findings in the form of an expression of opinion about whether – in all material respects and based on the probity framework – the process was undertaken according to the legislation and council policy.

9.5 Shortlisting and negotiation

A shortlisting process can be conducted, based on any criterion or criteria but only in pursuit of the most advantageous outcome for Council and community.

Shortlisted tenderers may be invited to submit a best and final offer in relation to all or certain aspects of their respective tenders.

Once one or more preferred tenderers are selected, negotiations can be conducted in order to obtain the optimal solution and commercial arrangements within the original scope and intent of the tender. Probity requirements apply to all negotiations.

10 CONTRACTS

Procurement activity valued at \$300,000 or above must result in a formal contract. For procurement activity valued between \$50,000 and \$300,000 it is recommended to result in a formal contract, particularly where the procurement relates to the carrying out of works.

10.1 Length of contracts

Council does not specify a time limit applicable to the length of a contract subject to public procurement thresholds. Optimum length of contract should be based on value for money, efficiency and effectiveness. The optimum length of a contract in order to secure value for money can vary considerably depending on a range of factors, including:

- the extent of supply side competition – council may approach the market more regularly if pricing is competitive, or the market landscape is likely to change and vice versa,
- a contract term sufficient to make the cost of the procurement process worthwhile and maximise competition,
- the cost of equipment which the supplier or council must amortise over the term of the contract in order to submit an economic price, and
- the potential for changes to systems, processes and supply chains to impact on service delivery and costs.

10.2 Contracts aggregation

Where significant amounts are spent in aggregate on one supplier, or for one service, over time; consideration should be given as to whether it may be possible to achieve greater savings by leveraging this aggregate spend, rather than treating each discrete arrangement as a separate procurement exercise.

10.3 Contract management

Good contract management ensures goods, services and works are delivered to the required standards of quality and quantity as intended by the contract through:

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- Monitoring processes to ensure responsibilities and obligations of all parties under the contract are met,
- Early recognition of issues and performance problems, and the identification of solutions,
- Adhering to risk, project and contract management frameworks and relevant OHS and sustainability requirements.

Council contracts must include contract management requirements commensurate with the complexity of the matter. Contracts should be proactively managed by the assigned contract manager to ensure that the Council and its community receives value for money.

Contracts awarded that are strategically critical and/or of relative high value must have additional senior (project sponsor / project control group) oversight to ensure appropriate management.

All contracts should be managed in accordance with the Council’s Contract Management procedures.

10.4 Evaluating contract performance

In order to continually improve outcomes, Council will evaluate and seek to improve on all aspects of procurement and contract management, in accordance with the Contract Management Procedure.

10.5 Contract variations

Where contract variation options are allowed for in the initial contract, contract variations can be approved by the project manager.

Contract variations not included within initial contracts must be assessed to determine whether they are properly characterised as variations, or whether they are in effect a new contract. This will depend upon factors such as:

- the monetary value of the proposed variation – i.e., the value of the variation and its impact on the total contract value in the context of the monetary thresholds within this policy, and
- the subject matter of the proposed variation and whether it is consistent with the scope of the original contract or agreement.

Contract variations must be approved by the project sponsor/director and in accordance with the monetary thresholds above (regarding the resulting total contract spend). Budget must be available for the variation.

For contracts over \$300,000, where the accumulated variation value will exceed 20% of the initial awarded contract value, approval must be sought from the Chief Executive Officer to proceed with the variation in consultation with the Council. The CEO must also ensure that budget is approved for all variations. A formal Council resolution may be required for approval.

10.6 Contract extensions

For contracts over \$300,000 that have approved extension options, delegation approval is required to exercise the extension for the value of the option.

10.7 Dispute resolution

Where relevant, all contracts will incorporate dispute management and alternative dispute resolution provisions to minimise chance of disputes escalating to legal action.

11 SECURITY AND CONFIDENTIALITY

Officers will ensure the security and confidentiality of all information including intellectual property and proprietary information of the respondents as well as the integrity of the procurement process. The test of

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security is that tender/EOI documentation must not be disseminated beyond members of the evaluation panel.

Appropriate security and confidentiality measures commence with the preparation of the tender/EOI documentation. The documentation should remain confidential until released to the marketplace in order to maintain fair competition.

From that point forward in the procurement process discussions and documentation must remain secure and confidential, particularly through the council agenda preparation phase, at least until a decision on a tender/EOI is made public, including:

- Minutes of all meetings
- Briefing attendance forms
- Evaluation panel appointments and acceptances
- Conflict of interest declarations
- Confidentiality deeds or declarations
- Evaluation criteria weightings
- Submissions, including attachments and any supplementary information
- Evaluation panel discussions and assessments, including all scoring
- Questions to respondents and the answers
- Referee questions and answers
- Respondent shortlists
- Preferred respondent negotiations
- Evaluation report (until released under council resolution or policy)

Where these documents are held in electronic form, appropriate electronic security access must be in place. Each member of an evaluation panel should complete a deed of confidentiality.

11.1 Endorsements

Officers must not publicly endorse any products or services without the permission of the relevant director or the CEO.

12 SAFETY IN PROCUREMENT

Safety considerations and hazard minimisation must be considered in all procurement processes undertaken within Council. Safety in procurement should be undertaken in accordance with relevant policies and processes and may include:

- Identification of hazards prior to purchase – e.g., dangerous goods, hazardous substances, or goods / services that may expose individuals to harm,
- Where relevant, ensuring supply of Safety Data Sheets (SDSs) with goods,
- Conducting risk assessments where appropriate,
- Ensuring supply of compliant plant risk assessment data and other documentation demonstrating that plant or equipment is safe in its design,
- Undertaking of commissioning / operational trials to confirm safe operation of plant and equipment,
- Ensuring provision of evidence that testing of plant, building, structures or substances has been appropriately conducted to identify and minimise risk, and
- Ensuring that designers of buildings or facilities incorporate ‘safety in design’ principles to maximise pre-inclusion of safety requirements and minimise need for more expensive post-implementation fixes.

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It is the responsibility of the person undertaking the procurement process, working with contractors, to ensure that any identified risks are effectively mitigated before accepting delivery or installation.

13 BREACHES OF THIS POLICY

A breach of this policy may occur when:

- A contract valued above Council’s RFX threshold is entered into willingly without first conducting a formal, competitive RFX process as required under this policy.
- A public, competitive RFX process is undertaken but the contract subsequently entered into is materially different³ from the specifications.
- An existing contract valued above the Council’s RFX threshold is extended without provision in the contract and without first undertaking a further RFX process unless within this policy’s provisions around continuing the requirement whilst conducting a RFX process.
- A contract valued above the Council’s RFX threshold is entered into without first going through a public RFX process or without complying with any exemptions as described under the policy.

It is unlikely that a failure to follow this procurement policy will affect contracts that are entered into, however, breaches of the policy will result in public reporting and may result in disciplinary action being taken against an officer willingly undertaking the breach.

Council is obliged to report a non-compliance with this policy and must report the following in the Annual Report:

- A list of contracts entered into above the contract value (threshold) at which the Council must undertake a public RFX process under the policy, and
- A list of contracts entered into above the contract value (threshold) at which the council must undertake a public RFX process under its policy – but for which the council did not undertake a public RFX process and also did not meet the stated conditions to enable the purchase of goods or services without undertaking a public RFX process.

13.1 Complaints and reporting suspicious activities

Officers, members of the public and suppliers are strongly encouraged to report known or suspected incidences of improper conduct to the Director Corporate & Community Services or Council’s Chief Executive Officer.

Suspected improper conduct, offers of bribes, commissions or any other irregular approaches from suppliers, prospective suppliers or other individuals will be investigated and reported in accordance with Council’s processes around public interest disclosures and fraud protection.

The CEO must notify IBAC (Independent Broad-based Anti-corruption Commission) of any matter the suspect on reasonable grounds to involve corrupt conduct occurring or having occurred in accordance with mandatory reporting requirements.

³ One test of whether a contract is ‘materially different’ is to compare the final position with what was originally provided for and make a judgement in both quantitative and qualitative terms as to whether these positions are essentially the same. As a rule of thumb, if the result of the comparison is greater than a 20% difference in price it is indicative of a material difference. A material difference is, however, capable of arising even with the price differential is 20% or less.

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13.2 Reporting of non-compliance

Council is obliged to report a non-compliance with this policy. Regulation 10(C)(ii) of the *Local Government (Planning and Reporting) Regulations 2020* requires Council to report the following within its annual reports:

- a list of contracts entered into above the contract value at which the Council must undertake a public procurement process under the policy, and
- a list of contracts entered into above the contract value at which the Council must undertake a public procurement process under the policy – but for which the Council did not undertake a public procurement process and did not meet the conditions for them to purchase goods or services without undertaking a public procurement process.

14 REFERENCE AND RELATED DOCUMENTS

14.1 External

This policy was developed utilised resources gained from the MAV Best Practice Procurement Guidelines 2024.

- Local Government Act 2020
- Trade Practices Act, Goods Act and the Environmental Protection Act

14.2 Council

This policy must be read and implemented in accordance with the following plans, policies and strategies:

- Fraud and Corruption Control framework
- Project management framework
- Project Risk Management Guidelines
- Risk Management Framework
- Financial Management Policy
- Pyrenees Shire 2031 – Community Vision 2021-2031
- Council Plan 2021-2025
- Codes of Conduct
- Acceptance of Gifts Policy
- Procedure – Conflicts of Interest

The following documents support the Procurement Policy and form the wider Procurement and Contract Management Framework:

- Procedure – Procurement via tender
- Procedure – Procurement via purchase order
- Procedure – Use of Corporate Purchasing Cards
- Procedure – Pre-Approved Supplier Panels
- Guidelines – The Procurement Cycle
- Guidelines – Collaboration in Procurement
- Guidelines – Probity in Procurement
- Contract management framework

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15 VERSION HISTORY

| Version Number | Issue date | Description of change |
|----------------|----------------|--|
| 1.0 | | Initial release – document creation |
| 2.0 | March 2018 | Annual Review |
| 3.0 | July 2019 | Annual review Incorporated safety in procurement and recommendations from the VAGO Audit Report “ <i>Fraud and Corruption Control – Local Government</i> ” June 2019. |
| 4.0 | September 2021 | Major review Aligned with changes in Local Government Act 2020, changes in thresholds for tender. |
| 4.1 | April 2022 | Minor review |
| 5.0 | September 2024 | Major review Checked against MAV <i>Best Practice Procurement Guidelines for Local Government 2024</i> New sections inserted / changes made: 1.2 Overview of the Procurement Cycle and reference to new Guidelines 4.1 Major review of principles, but no fundamental change in content 4.1f Consideration on potential increase in local benefit criteria weighting 5.0 No change to procurement thresholds 5.3 Change in aggregate spend control monitoring from 1 year to 3 years 5.4 Strengthened contract variations 5.5 Explanation of insurance application 5.9 New section on use of procurement agents 5.10 New section on leases and licenses 6.0 Strengthened parts within the Ethics and Probity section. 8.6 New section on contracts aggregation benefits and length of contracts 9.0 New section on breaches 12.0 Updated definitions / glossary |

16 DEFINITIONS / GLOSSARY

| | | |
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| Act | Local Government Act 2020 | |
| Goods, services and works | Goods: movable personal property, especially merchandise used in trade or commerce and requiring carriage from one place to another. The work 'goods' is very general and of quite indefinite import. | |
| | Services: the act of helping or doing work for another ... work done in this way ... assistance or benefit given to some ... the provision of what is necessary for the installation and maintenance of a machine / operation. | |
| | Works / Carrying out of works: the operations of building or repair (e.g., roadworks). | |
| Circular economy | An approach to the delivery of goods, services and works that ensures no waste is created through their use of materials and products. The products and materials used in these goods, services and works are either recovered for reUse or have been designed to be fully recyclable when no longer required. | |
| Collaborative procurement | Procurement activities that engage two or more councils, government entities or statutory bodies. | |
| Commercial in Confidence | Information that, if released, may prejudice the business dealings of a party e.g., prices, discounts, rebates, profits, methodologies, and process information. It is information provided for a specific purpose that is not to be used for any other purpose than set out in the initial document. | |
| Competitive neutrality | A policy which aims to ensure that, where a government business is competing with the private sector, adjustments are made to remove any net advantage (or disadvantage) the government business has because it is owned by government. | |
| Conflict of interest | In Victorian local government the law provides that where a council officer holding a delegation or advising council or a delegated committee has a conflict of interest, they must disclose this in writing if it is a general or material interest as specified in the legislation. | |
| | General conflict of interest | Means that an impartial, fair-minded person would consider that the person's private interests could result in that person acting in a manner contrary to their public duty. |
| | Material conflict of interest | Means an affected person would gain a benefit or suffer a loss depending on the outcome of the matter. A benefit or loss may direct or indirect, and pecuniary or non-pecuniary. Affected persons include the members of council staff and their family members. |
| Conditions of contract | The contractual terms that define the obligations and rights of the parties involved in the contract and form the basis of the contract awarded to the successful respondent. | |

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| Confidentiality agreement | A written legal document that is proof and record of the obligations agreed to between the parties, to protect the commercial interests of all parties. Often used interchangeable with the deed of confidentiality. |
| Contract | An agreement between two or more authorised persons on behalf of their organisations to perform or not perform a specific act(s) enforceable in law. A contract may be verbal or written or inferred by conduct. Where the term 'contract' or 'agreement' is used it can mean any documented agreement to enter into a contract for procurement. |
| Contract documents | Documents construed together as a instrument of contract. They may include terms and conditions, specifications, drawings, RFX responses, delivery schedules and payment schedules. |
| Contract Management | The process that ensures both parties to a contract that fully meets their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular, to provide value for money. |
| Contract manager | The person nominated by the Council to manage the day-to-day matters of the contract. See also superintendent. |
| Contractor | Respondent (person, firm etc) whose submission has been accepted by the Council with or without modification. |
| Contract variation | An addition or alteration to the goods and/or or services under a contract that is within the general scope of the original contract. A contract variation can be documented between the parties with a letter or a deed of variation. |
| Corporate Social Responsibility (CSR) | Corporate Social Responsibility is about taking positive action to demonstrate the Council's commitment to the local community and the environment on which it impacts. |
| Council staff / Officers | Includes full-time and part-time council employees, and temporary employees, contractors and consultants while engaged by the Council. |
| Deed of confidentiality | See confidentiality agreement. |
| Delegate | A person authorised by the Council or CEO to make general or specified decisions constrained only by the instrument of delegation. Specifically, delegates commit and incur expenditure and are responsible for actions arising from their use of such power. |
| Delegation | A power handed down by the Council or CEO in an Instrument to enable a delegate to act on the Council's behalf. |
| Due diligence | The process of reviewing and analysing in detail the capacity of a responding organisation to meet future contract performance requirements. This may include a detailed assessment of the organisation's financial stability, legal risks, technical capacity and infrastructure. |
| e-Procurement | Refers to the use of electronic methods at any stage of the procurement process from identification of a requirement through to contract management and possibly procured asset management. |

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| | Electronic tendering is the undertaking of the RFX process stage by electronic methods. |
| Expression of Interest (EOI) | <p>A response to an open approach to the market requesting submissions from respondents interested in participating in procurement.</p> <p>It is used to identify potential suppliers interested in, and capable of, delivering the required goods or services. Potential suppliers are asked to provide information on their capability to do the work.</p> <p>It is usually the first stage of a multi-stage RFX process.</p> |
| Evaluation criteria | The criteria used to evaluate the compliance and/or relative ranking of RFX submissions. All evaluation criteria must be clearly stated in the RFX documentation. |
| General conditions of contract | Contractual terms which define the obligations and rights of the parties involved in the contract and form the basis of the contract awarded to the successful respondent. |
| Late tender | An RFX submission received after the specified closing time and date. |
| Negotiation | The bargaining process between two or more parties. Each party has its own viewpoints and objectives but seeks to reach an overall satisfactory arrangement. |
| Probity | In the context of an RFX process probity is a defensible process which is able to withstanding internal and external scrutiny – one which achieves both accountability and transparency, providing respondents with fair and equitable treatment. |
| Probity advisor | A supplier with extensive experience and skills in procurement who may develop probity plans and other key documents and provide advice and training to officers on probity principles and guidelines. |
| Probity auditor | A supplier who provides the CEO with an independent and appropriate sign-off on probity requirements generally at the end of the RFX process. |
| Probity plan | A document that sets out the steps to be taken and the processes to be implemented to ensure an RFX is conducted fairly and ethically. |
| Preferred respondent | Respondent who at the conclusion of the evaluation period has been selected to enter contract negotiations for the contract with the principal. |
| Principles | <p>The fundamental norms, rules, or values that represent what is desirable and of value to a Council and its community.</p> <p>Principles are more basic than policy, process or procedures, and should govern all three.</p> |
| Procedures | <p>Ways in which procurement tasks are accomplished. It can be a sequence of steps that include preparation, conduct and completion of a task.</p> <p>A procedure describes how a process is to be achieved.</p> |
| Processes | <p>Activities that use resources to transform inputs into outputs.</p> <p>A process describes what is to be done.</p> |
| Procurement | Procurement is the whole process of acquisition of external goods, services and works. This process spans the whole life cycle from initial concept through to the end of the useful life of an asset (including disposal) or to the end of a service contract. |

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| | It also includes the organisational and governance frameworks that underpin the procurement function. |
| Purchase order | A form of contract, which is an official document used to authorise and record the purchase of goods or services by a buyer. It is the primer reference confirming the contractual situation between the buyer and supplier. |
| Request for expressions of interest (EOI) | An invitation for persons to submit an EOI for the provision of the goods, services or works generally set out in the overview of requirements contained in the document. This invitation is not an offer or a contract. It identifies potential suppliers interested in, and capable of, delivering the required goods or services. Potential suppliers are asked to provide information on their capability to do the work. It is usually the first stage of a multi-stage RFx process. See also 'expression of interest'. |
| Request for information (RFI) | Formal request for information to gain a more detailed understanding of the supplier market and the range of solutions and technologies that may be available. It may be used to develop documentation for a future RFx process. |
| Request for quotation (RFQ) | A written process of inviting submissions to supply goods and/or services involving simple documentation, a limited number of potential suppliers and generally of relatively lower values. |
| Request for Tender (RFT) | A request for submissions against a set of clearly defined and specified requirements. Respondents are advised of all requirements involved, including the RFT conditions and proposed contract conditions. |
| Respondent | The party offering to enter into a legally binding contract with another party. |
| RFx | A collective term for procurement processes. These processes may include RFQ, RFT, RFP, EOI and RFI processes. |
| RFx conditions | Rules governing the content and provision of submissions and the conduct of the RFx process. |
| Small to medium enterprises (SMEs) | Firms with less than 200 full-time equivalent employees (ABS). |
| Social Procurement | Social procurement uses procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works. |
| Specification | 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 under a contract. |
| Submission | An offer by one party to enter into a legally binding contract with another party, often used interchangeably with quote, tender, response and offer. |
| Superintendent | The person appointed to the position nominated as the superintendent in a contract for the purpose of overseeing the Council's interests. |

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| Superintendent's representative | The person appointed by a contract superintendent to act on their behalf. |
| Sustainability | Activities that meet the needs of the present without compromising the ability of future generations to meet their needs. |
| Sustainable procurement | <p>A process whereby organisations meet their needs for goods, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.</p> <p>Sustainable procurement includes environmental, social, local and Aboriginal and Torres Strait Islander business procurement.</p> |
| Tender briefing | A forum held where a council representative(s) briefs prospective respondents regarding an RFX process and responds to questions raised. |
| Thresholds | A value above which a procurement, unless exempt, is subject to the mandatory procurement procedures. |
| Value for money | <p>Value for money in procurement is about selecting the supply of goods, services and works considering both cost and non-cost factors including:</p> <ul style="list-style-type: none"> • contribution to the advancement of the Council's priorities, • non-cost factors such as fit-for-purpose, quality, service and support, and • cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services, or works. |

17 APPENDIX A – PURCHASE ORDER EXEMPTIONS

Procurement of the following items do not require purchase orders:

- Accommodation or travel
- Audit & Risk Committee allowances and fees
- Community Hall Hire
- Contributions (e.g., grants, sponsorships, committee of management reimbursements)
- Councillor allowances and reimbursements
- Daily purchases for staff amenities
- E-tags
- Emergency after-hours repairs / maintenance – up to 3 days after emergency first occurred
- Equipment inspections (e.g., Essential Services, First Aid Kits)
- Fuel accounts
- Government / statutory charges (e.g., EPA Levy, licences, police checks)
- Medical expenses
- Memberships / subscriptions
- Postage
- Rental (property)
- Photocopier volume charges
- Reactionary maintenance – e.g., fire hydrants
- Reimbursements (employees and others)
- Utilities – electricity, telephone, gas, water, street lighting etc.
- Vehicle registration
- Cleaning services (linen for caravan parks)
- Repairs, servicing and maintenance of vehicles / plant

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| Procurement Policy | This document is uncontrolled when printed | | Responsible Officer: Director CCS |
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