



Policy Title	Procurement policy		
Responsible Directorate	Corporate Services		
Policy No	FM101	Date approved	11 April 2018
Revision No	8	Revision Date	April 2019

Purpose

The purpose of this policy is to assist Council to meet its obligations and responsibilities by providing a framework which will:

- Ensure compliance, consistency and control over procurement activities,
- Achieve value for money and continuous improvement in the provision of services,
- Demonstrate accountability to ratepayers, and
- Provide guidance on ethical behaviour in local government procurement activities.

This document represents the current policy of Council until it is revised or rescinded.

Scope

This policy is made under Section 186A of the *Local Government Act 1989* (the Act).

This section of the Act requires Council to prepare, approve and comply with a procurement policy encompassing the principles, processes and procedures applied to all purchases of goods, services and works undertaken by Council to ensure these are procured at a competitive rate and in a transparent manner.

The procurement policy applies to the acquisition of goods, services and works by Council other than an action or decision relating to:

- Emergency response, relief or recovery
- Legal services
- Labour hire
- Electoral or valuation services
- Payroll expenses and deductions
- Refunds
- Warranties for plant and equipment
- Insurances
- Utilities

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

Definitions

In this policy –

“Delegations” refers to the authorisation of offices to approve a range of functions in the procurement process.

“Emergency response, relief or recovery” refers to section 186(5)(a) of the Act, which provides that Council may resolve to enter into a contract because of an emergency.

“GST” refers to Goods and Services Tax.

“Panel contracts” means a contract that sets out rates for goods and services which are available for the term of the agreement. Such agreement will not commit Council to purchase a specified value or quantity of goods or services.

“Procurement” is the whole process of acquisition of external goods, services or works. Procurement is deemed to include the whole-of-life cycle, from initial concept through to end of useful life of an asset, including disposal, or the end of a service contract.

Policy Statement

The Buloke Shire Council (Council) recognises developing a procurement policy and adopting appropriate best practice contracting and procurement principles, policies, processes and procedures for all goods, services and works by Council; will enhance achievement of Council objectives including sustainable and socially responsible procurement, and; support bottom-line cost savings, local economies, innovation and better service provision for communities.

This policy is designed to ensure elements of best practice applicable to Local Government procurement incorporates:

- Broad principles covering ethics, value for money, open and fair competition, responsibility and accountability, risk management, probity and transparency, and guidelines giving effect to those principles,
- A system of delegations, and
- A professional approach to all major procurements.

Council’s procurement policy requires contracting and purchasing activities to support its corporate strategies, aims and objectives including, but not limited to, those related to sustainability, protection of the environment, and corporate social responsibility.

Preamble

The Victorian Local Government *Best Practice Procurement Guidelines 2013* will guide the approach for procurement within Council. This approach supports Council’s commitment to Best Value principles within the Act, including the sustainable delivery and continuous improvement of services which best meets the interests of the Buloke community, as follows:

a. Value for money

Council will procure goods, services and works after consideration of cost and non-cost factors which contribute to the advancement of Council priorities and community interest as follows:

- Cost factors: whole-of-life and transactional costs associated with acquiring, using, holding, maintaining and disposing of goods, services or works.
- Non-cost factors: fit-for-purpose, quality, service and support, project delivery, risk, local economic contribution and financial capacity.

b. Open and fair competition

Procurement activities will be conducted, and seen to be conducted, in an impartial, fair and ethical manner. This includes, but is not limited to, ensuring all prospective suppliers and/or vendors are provided with the same access to information about procurement to enable them to submit prices, quotations or tenders on an equal basis.

Council will take all reasonable steps to test the market in a consistent manner without bias, or perception of bias.

c. Accountability, probity and transparency

A consistent approach to procurement will be applied across Council through the application of authorised financial delegations, this policy and associated procedures to ensure the highest level of integrity and public interest. Council staff are required to account for all procurement decisions made over the lifecycle of all goods, services and works purchased by Council.

Council will work within an auditable and regular reporting mechanism to ensure adherence to procurement frameworks and legislative requirements.

d. Risk management

Risk management will be applied at all stages of procurement and steps will be taken to ensure associated activities will be managed to protect Council's capability to prevent, manage and recover from interruption to the supply of goods, services and works.

e. Sustainable, innovative and social practices

Council will have a regard for the long-term and cumulative effects of procurement activities and decisions through:

- Minimising environmental impact by purchasing goods and services which reduce its environmental footprint, and supporting innovation in sustainability, and
- Giving preference to local economic benefit when sourcing goods, services or works where such benefit is identifiable and reasonable, for example by demonstrating increased local employment; increased activity and spend within local economies, or; the level of local content in the goods, services or works.
- Seeking continuous improvement including through embracing innovative and technological initiatives, and addressing service gaps by considering options for joint ventures between Council and external partners.

Guidelines

Ethics and conflict of interest

Council and Council staff will adhere to conduct principles within the Code of Conduct for Councillors, and the Code of Conduct for Staff respectively. This both means and includes the requirement to:

- Neither seek nor receive personal gain,
- No Councillor or Council Officer may, either directly or indirectly, solicit or accept gifts or presents from any member of the public, or prospective suppliers and/or vendors, who is involved with any matter connected with the duties of the Council Officer, or in which Council is interested.
- Maintain confidentiality regarding pricing, specifications, quotations, tenders or any other commercial interests or proprietary information,
- Deal with prospective suppliers and/or vendors in an honest and impartial manner which does not allow conflicts of interest, or the perception of conflicts of interest,
- Be accountable for all decisions, and
- Present a high standard of professionalism and impartiality.

Governance

Council has established a procurement responsibility framework and delegations to ensure accountability, traceability and auditability of all procurement decisions made over the lifecycle of goods, services or works.

Council procedures will be maintained to ensure appropriate internal controls are in place, including as a minimum:

- Separation of duties in transactional end-to-end activities,
- Transparency in the acquisition of goods, services or works,
- Clear and documented audit trails for procurement activities,
- Appropriate authorisations are obtained and documented,
- A regular, at least annual, review of creditor payments made over the previous two years to ensure compliance with public tender thresholds,
- Establishment of panel contracts for any goods, services or works which may result in expenditure exceeding public tender thresholds in favour of one supplier,
- Systems are established and maintained to monitor compliance with this policy and associated procedures, and
- A process is in place for escalation, where appropriate, of procurement matters (including procedural non-compliance) to the senior leadership team, Audit Committee and Council.

Tenders

Section 186 of the Act determines that the public tender threshold for contracts is valued at \$150,000 for purchase of goods or services, and \$200,000 for purchase of works.

Council may determine to allow public expressions of interests or tenders may be called for contracts below the public tender threshold amounts if it is considered the nature of the requirement and the characteristics of the market are such that the public tender process would lead to better value for money.

Council Officers must not disclose allocated tender budgets to prospective suppliers and/or vendors, without prior written authorisation by the Chief Executive Officer.

All tender processes will be conducted in accord with this policy, its associated procedures, relevant legislation and comply with Council requirements outlined within the Buloke Shire Council Contracts and Tendering Manual.

Delegations

Financial delegations will be consistent with the Instrument of Delegation from Council to the Chief Executive Officer, and the Instrument of Delegation from Chief Executive Officer to Staff. The current financial delegation to the Chief Executive Officer is \$250,000.

The availability of existing funds within an approved budget, or source of funds, must be established prior to the commencement of any procurement action for the supply of goods, services or works.

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

Council is solely responsible for approving the following:

- Contract term extensions which require allocation of funds in excess of Council approved budgets, and
- Tender recommendations and contract approval which exceed the Chief Executive Officer's financial delegations.

A quarterly report will be tabled at an Ordinary Meeting of Council outlining contracts awarded under the Chief Executive Officer's financial delegations values which meet or exceed the public tender threshold.

All tenders with a value:

- above the public tender threshold amounts under Section 186 of the Act, and
- within the financial delegation of the Chief Executive Officer

will be reported to Councillors on a monthly basis to enable Council, by majority agreement, to request the award of a contract to occur at an Ordinary Meeting of Council.

Exemptions

Where a Council Officer has taken all reasonable steps to comply with this policy and its associated procedures but is unable to meet requirements under the same, for example:

- Where there is only one known and reputable supplier or provider for the particular goods, services or works, or
- Where there is an inability to obtain sufficient quotations

the Council Officer may apply, in writing, for an exemption under this policy to the Chief Executive Officer.

Applications will only be considered for procurement activities which are below the nominated threshold amount for Requests for Quotation, as outlined in the procurement procedure.

Council Officers must not disclose allocated tender budgets to prospective suppliers and/or vendors, without prior written authorisation by the Chief Executive Officer.

Such requests and approvals must be in writing and appropriate records kept.

Training

All Council Officers with financial delegation will be provided with training and information in accord with Council policies.

Record Keeping

Council is responsible for retaining all documentation arising from procurement activities in line with the Local Government Records Management Disposal Schedule.

Breach of this Policy

Council may take disciplinary action against an Employee who is found to breach this policy and its associated procedures in accord with Council's Disciplinary Action policy.

Suspected breaches of this policy by Councillors will be referred to the Chief Executive Officer in accord with Council's mandatory notification requirements.

References

This policy was developed in accordance with the following legislation:

- *Local Government Act 1989*
- *Local Government (General) Regulations 2015*
- *Consumer and Competition Act 2010*
- *National Competition and Consumer Act 2010*
- *Charter of Human Rights and Responsibilities Act 2006*

This policy was developed in accordance with the following documents:

- Code of Conduct for Councillors
- Code of Conduct for Staff
- Local Government Procurement Best Practice Guidelines 2013
- MAV Procurement: Procurement Policy Model 2011
- Risk Management policy
- Risk Management framework
- Contracts and Tendering manual
- Fraud Prevention policy
- Disciplinary Action policy