

SOUTHERN GRAMPIANS SHIRE COUNCIL PROCUREMENT POLICY 2021-25



*Procuring Goods and Services for the Southern Grampians Community,
ensuring "Value for Money", in an open and transparent manner.*

Effective 1 November 2024

Adopted 11 September 2024

CONTENTS

1	Overview.....	1
1.1	Applicability.....	2
1.2	Objectives.....	2
1.3	Treatment of GST	2
2	Legislative and Policy Compliance and Control.....	3
2.1	Ethics and Probity	3
2.1.1	Requirement.....	3
2.1.2	Conduct of Councillors and Council Staff.....	3
2.1.3	Conflict of Interest	3
2.1.4	Fair and Honest Dealing	3
2.1.5	Probity, Accountability and Transparency	4
2.1.6	Gifts and Benefits.....	4
2.1.7	Disclosure of Information	4
2.1.8	Complaints & Reporting Suspicious Activities.....	4
2.2	Governance	5
2.2.1	Structure	5
2.2.2	Methods of Purchasing.....	5
2.2.3	Responsible Financial Management	6
2.2.4	Procurement Thresholds and Competition.....	6
3	Procurement Principles	7
3.1	Procurement Methodology	7
3.2	Exemptions from Tendering	7
3.3	Contract Variations.....	7
3.4	Sole or select sourcing	7
3.5	Public Tender Requirements.....	8
3.5.1	Tender Evaluation.....	8
3.5.2	Evaluation Criteria	9
3.5.3	Probity Advisor.....	9
3.5.4	Shortlisting and Negotiations.....	9

3.5.5	Collaborative Procurement	9
3.6	Delegation of Authority	10
3.6.1	Requirement	10
3.7	Internal Controls	10
3.8	Risk Management.....	11
3.8.1	General.....	11
3.8.2	Endorsement.....	11
3.9	Dispute Resolution	11
3.10	Contract Management	11
4	Demonstrate Sustained Value.....	12
4.1	Achieving Value for Money	12
4.1.1	Requirement	12
4.1.2	Approach.....	12
4.2	Sustainable Procurement.....	13
4.2.1	Sustainable Procurement Definition.....	13
4.2.2	Applying Sustainable Procurement in Council	13
5	Build and Maintain Supply Relationships	14
5.1	Managing Suppliers.....	14
5.2	Supply Market Development	14
5.2	Policy - Key Linkages and Governance	14
5.2.1	Standards and Linkages.....	14
5.2.2	Policy Review Process	14
	Appendix 1- SGSC Council Procurement Methodology Thresholds	15
1.	Requirement for Proposals, Quotes and tenders	15
2.	Procurement Processes	17
	Appendix 2 – Contract Variations Financial delegation.....	17
	Appendix 3 - Sustainable Procurement	18
	Economic	18
	Environmental	18
	Social.....	18

Demonstration of commitment to sustainable procurement	19
Appendix 4 - Exemptions from Procurement Processes	20
Appendix 5 – Compliance with Local Government Act 2020	24
Appendix 6 - Collaborative Tendering.....	26
Appendix 7 - Definitions and Abbreviations	27



The Act requires each council to:

- Prepare and adopt a procurement policy which specifies the principles, processes and procedures applying in respect of the purchase of goods and services and carrying out of works by the Council; and
- Seek to promote open and fair competition and provide value for money;
- Review its Procurement Policy at least once during each 4-year term of the Council, and
- Describe how the council will seek to collaborate with other Councils and public bodies

Appendix 4 sets out compliance with Sections 108 and 109 of the Act.



1.1 APPLICABILITY

This Policy applies to all contracting and procurement activities at the Council and is applicable to Councillors and Council Staff.

It is recognised this will enhance achievement of the Council's objectives such as sustainable and socially responsible procurement, supporting local economies and obtaining Value for Money, leading to a better result in the provision of goods, services and works for the benefit of the community.

This Policy provides direction on the conduct of procurement activities throughout the sourcing, management and disposal phases. It also covers the general procurement framework but does not extend to the related Accounts Payable Policy and processes.

The Council must comply with this Procurement Policy before entering into a contract for the purchase of goods or services or the carrying out of works. Council maintains separate documentation to support contract management processes.

1.2 OBJECTIVES

This Policy is consistent with the requirements of S108(2) of *the Act* and will:

- Seek to promote open and fair competition and provide Value for Money;
- Provide clear guidelines to Council to allow consistency and control over procurement activities;
- Demonstrate accountability to ratepayers and residents;
- Provide guidance on ethical behaviour in public sector procurement;
- Demonstrate the application of best practice in procurement activities;
- Demonstrate the consideration of sustainability in procurement with respect to social, economic and environmental factors;
- Increase the probability of obtaining the best outcome for the community when procuring goods and services; and
- Seek to undertake collaborative procurement in accordance with section 3.5.5 of this Policy.

These objectives will be achieved by requiring, that the Council's contracting, purchasing and contract management activities:

- Support the Council's corporate strategies, aims and objectives;
- Span the whole life cycle of an acquisition and take sustainability considerations into account;
- Achieve demonstrable Value for Money;
- Are conducted in, and demonstrate an impartial, fair and ethical manner;
- Seek continual improvement through innovative and technological initiatives; and
- Generate and support Local Business through inclusion wherever practicable.

1.3 TREATMENT OF GST

All monetary values stated in this policy **exclude** GST unless specifically stated otherwise.

2 LEGISLATIVE AND POLICY COMPLIANCE AND CONTROL

2.1 ETHICS AND PROBITY

2.1.1 REQUIREMENT

The Council's procurement activities shall be performed in an open, transparent and ethical manner with demonstrated integrity, fairness and accountability that meets relevant legal requirements.

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

2.1.2 CONDUCT OF COUNCILLORS AND COUNCIL STAFF

Councillors and Council Staff shall at all times conduct themselves in ways that are in accordance with the Councillors Code of Conduct or the Staff Code of Conduct respectively, and will perform their duties ethically and with integrity and must:

- Treat potential and existing suppliers with equality and fairness;
- Not use their position to seek or receive personal gain in procurement matters;
- Maintain confidentiality of Commercial in Confidence information;
- Present the highest standards of professionalism and probity;
- Afford suppliers and tenderers with the same information and an equal opportunity to tender or quote for goods, services and works contracts;
- Be able to account for all decisions and demonstrate and provide evidence of the processes followed;
- Not perform any work under any Council contracts they are supervising i.e. Council Staff cannot also work for the relevant supplier;
- Query incidents, decisions or directions that appear to contradict or deviate from Council's standards of ethics or probity or established policies and procedures; and
- Ensure that this Procurement Policy and Council's Procurement Guidelines are adhered to in relation to any expenditure of Council funds.

2.1.3 CONFLICT OF INTEREST

Councillors and Council Staff shall at all times avoid situations which may give rise to an actual or perceived conflict of interest. A conflict of interest may be a 'general' or a 'material' conflict of interest.

A member of Council Staff has a general conflict of interest in a matter if an impartial, fair-minded person would consider that the person's private interests could result in that person acting in a manner that is contrary to their public duty.

A member of Council Staff has a material conflict of interest in a matter if an affected person would gain a benefit or suffer a loss depending on the outcome of the matter. The benefit or loss may be direct or indirect and pecuniary or non-pecuniary. Affected persons include, among others, the member of Council Staff and their family members.

Council Staff involved in the procurement process, in particular preparing tender documentation, writing tender specifications, participating in tender evaluation panels, preparing a recommendation report; and Councillors and Council Staff awarding tenders must:

- **Avoid** conflicts of interest, whether material or general or actual, potential or perceived;
- **Declare** that they do not have a conflict of interest in respect of the procurement. All Council Staff participating in tender evaluation panels must complete a Conflict of Interest declaration. Council Staff must declare any actual or perceived conflicts in line with Council's internal processes for reporting conflicts of interest; and
- **Observe** prevailing Council and Government guidelines on how to prevent or deal with conflict of interest situations; and not take advantage of any tender related information whether or not for personal gain.

2.1.4 FAIR AND HONEST DEALING

All prospective contractors and suppliers must be treated impartially and afforded an equal opportunity to tender or submit a quotation.

Any suspected improper conduct, including but not limited to:

- suspected fraud,
- corruption,
- substantial mismanagement of public resources,
- risk to public health and safety,
- risk to the environment, or
- detrimental action,

should be managed in accordance with Council's internal policies and processes.

2.1.5 PROBITY, ACCOUNTABILITY AND TRANSPARENCY

Accountability in procurement means being able to justify and provide evidence of the process followed. An independent third party must be able to see clearly that a process has been followed and that the process was fair and reasonable.

Council Staff must be able to account for all procurement decisions and ensure all procurement activities leave an audit trail for monitoring and reporting purposes.



2.1.6 GIFTS AND BENEFITS

No Councillor or member of Council Staff shall seek or accept any immediate or future reward or benefit 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 to a Councillor or Council Staff will be managed in accordance with Council's internal policies and processes.

Councillors and Council Staff, particularly contract supervisors:

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

2.1.7 DISCLOSURE OF INFORMATION

Commercial in Confidence information received by the Council must not be disclosed and is to be stored in a secure location.

Councillors and Council Staff must take all reasonable measures to maintain confidentiality of:

- Information disclosed by organisations in tenders, quotation or during tender negotiations; and
- Commercial in Confidence information.

Councillors and Council Staff are to avoid references to current or proposed contracts in discussion with acquaintances or outside interests.

Discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubt on what is being offered by that supplier.

At no stage should any discussion be entered into which could improperly influence the procurement process or negotiation of a contract prior to the contract approval process being finalised, other than authorised pre-contract negotiations.

2.1.8 COMPLAINTS & REPORTING SUSPICIOUS ACTIVITIES

COMPLAINTS HANDLING

Members of the public and suppliers, are encouraged to report known or suspected incidences of improper conduct to the CEO. Councillors and Council Staff will report and manage complaints in accordance with Council's internal policies and processes.

REPORTING SUSPICIOUS ACTIVITIES

All Councillors, Council Staff and Council suppliers are required at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible.

Council is committed to protecting all revenue, expenditure and assets from any attempt to gain illegal benefits (financial or otherwise).

Council will take all reasonable steps to protect those who assist Council by providing information about suspected fraud. This will include confidentiality of identity and protection from harassment, to the extent possible.

Suspected improper conduct, offers of bribes, commissions and any other irregular approaches from suppliers, prospective suppliers or other individuals will be investigated and reported in accordance with Council's internal policies and processes.

The CEO must notify IBAC of any matter they suspect on reasonable grounds to involve corrupt conduct occurring or having occurred in accordance with mandatory reporting requirements under the *Independent Broad-based Anti-Corruption Commission Act 2011*.

2.2 GOVERNANCE

2.2.1 STRUCTURE

Council has delegated a range of powers, duties and functions to the CEO in relation to procurement. The delegation aims to ensure that the Council's procurement structure operates according to processes that:

- Are flexible enough to procure in a timely manner the diverse range of goods, works and services required by Council;
- Guarantee that prospective contractors and suppliers are afforded an equal opportunity to tender or submit a quotation; and
- Encourage competition and collaboration.

2.2.2 METHODS OF PURCHASING

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

- Purchase order following a quotation process from suppliers for goods or services that represent best Value for Money under the quotation thresholds adopted by the Council. An approved purchase order must be created prior to committing expenditure on behalf of Council for the provision of services, goods or works in accordance with the Council's procurement thresholds and guidelines;
- Under contract following a quotation or tender process;
- Using Collaborative Procurement Arrangements;
- Multi-stage tenders commencing with an EOI followed by a tender process; and
- Purchasing Cards.

unless other arrangements are authorised by Council or under appropriate delegated authority on an 'as needs' basis as required by abnormal circumstances such as emergencies.

2.2.3 RESPONSIBLE FINANCIAL MANAGEMENT

The principle of responsible financial management shall be applied to all procurement activities. Accordingly, to give effect to this principle, the availability of existing funds within an approved budget or source of funds shall be established prior to the commencement of any procurement action for the supply of goods, services or works.

Council funds must be used efficiently and effectively to procure goods, services and works and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this Policy.



2.2.4 PROCUREMENT THRESHOLDS AND COMPETITION

Wherever it would likely achieve best value, procurements will be arranged under a relevant contractual arrangement established in accordance with section 108 of [the Act](#) and this Procurement Policy.

In every procurement activity all practicable efforts will be made to consider the sustainable procurement as listed in Section 4.2.2

Council will invite offers from the supply market for goods, services and works in accordance with the thresholds listed in [Appendix 1](#)

3 PROCUREMENT PRINCIPLES

Council will apply the following fundamental best practice principles to procurement, irrespective of the value and complexity of that procurement:

- ❖ Value for Money;
- ❖ Sustainability (social, economic and environmental);
- ❖ Open and fair competition;
- ❖ Accountability;
- ❖ Risk management; and
- ❖ Probity and transparency.



3.1 PROCUREMENT METHODOLOGY

Section 108 of *the Act* details that each Council will set the public tender threshold above which tenders or expressions of interest for contracts must be publicly invited.

A public tender process must be used for all procurement activities valued at \$150,000 and above (for goods, services or works).

For procurements under \$150,000, the procurement methodology thresholds detailed in [Appendix 1](#) will apply.

3.2 EXEMPTIONS FROM TENDERING

There are certain circumstances which are exempt from the general publicly advertised tender, quotation and expression of interest requirements, however all attempts should be made to demonstrate value for money and document why it is appropriate to exempt the activity from a competitive process.

All exemptions are to be documented and reported (in aggregate) in the Quarterly Finance Report.

The relevant Director or CEO must report exemptions over the public tender threshold individually to the next Council meeting.

Exemptions from Tendering are detailed in Appendix 3.

3.3 CONTRACT VARIATIONS

All contract variations must be assessed to determine whether they are properly characterised as variations, or whether they are in effect a new contract. This will depend on factors such as:

- The monetary value of the proposed variation, i.e. the value of the variation in the context of the thresholds fixed in the Procurement Policy; and
- The subject matter of the proposed variation, and whether it is consistent with the scope of the original contract.

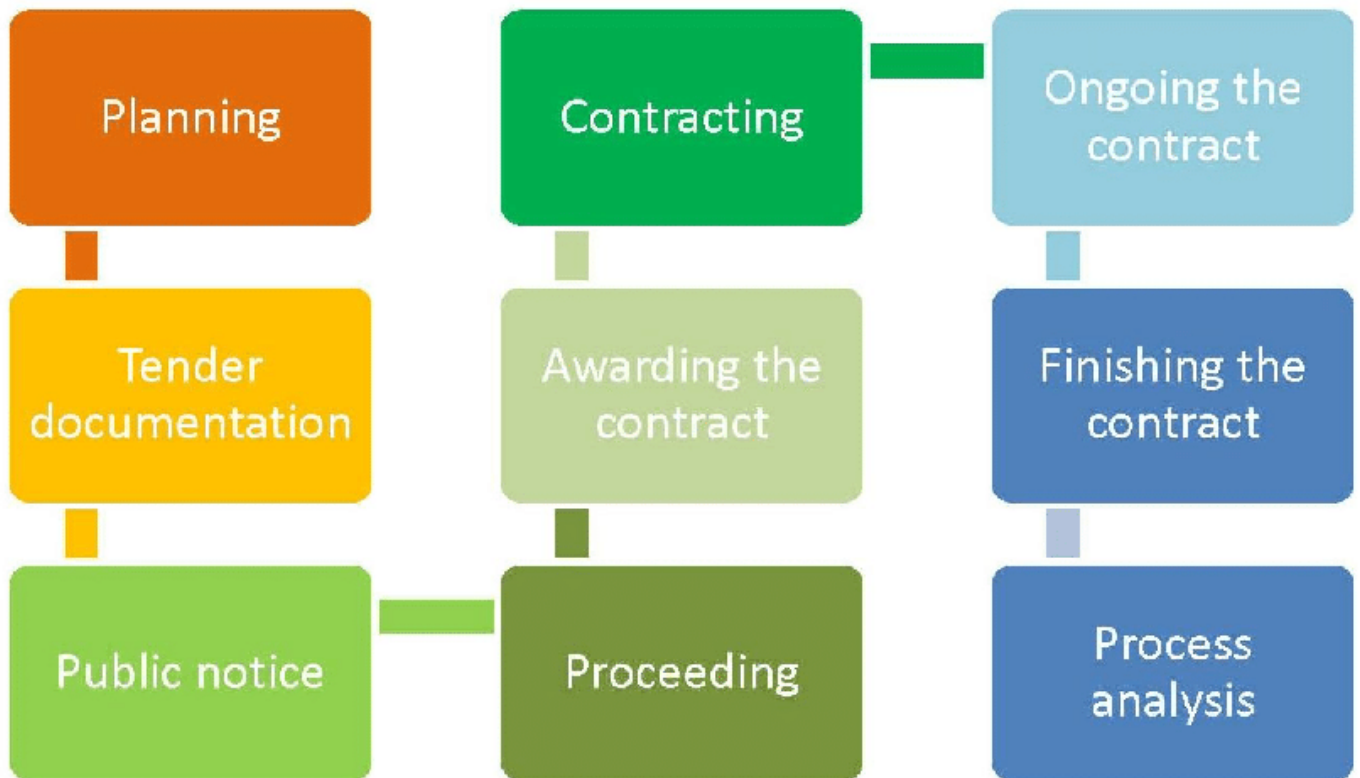
3.4 SOLE OR SELECT SOURCING

Council can elect to send tender invitations to specific tenderers whom they believe able to respond to the tender **in addition** to those already registered on the e-tendering portal. These tenderers will not receive any preferential treatment.

3.5 PUBLIC TENDER REQUIREMENTS

All public tenders invited by the Council will be published via Council's eTendering Portal and may be advertised in the media.

Awarding of the Tenders will be published on Council's website and/or eTendering Portal



3.5.1 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 persons as well as a chairperson.

A detailed Tender Evaluation Plan/Checklist shall be developed, approved and strictly adhered to by the panel.

Amongst other things, this involves the establishment of detailed evaluation criteria (i.e. more than those published with the tender) and the application of a pre-approved and robust weighted scoring system.

The Tender Evaluation Plan/Checklist should be completed and approved by the relevant Officer, Director or CEO prior to the an EOI, tender or quotation being issued.

3.5.2 EVALUATION CRITERIA

The Council may include the following evaluation criteria categories to determine whether a proposed contract provides Value for Money:

- Mandatory Compliance criteria (e.g. ABN registration, OH&S, Fair Work Act);
- Tendered price;
- Capacity of the Tenderer to provide the goods and/or services and/or works;
- Capability of the Tenderer to provide the goods and/or services and/or works;
- Demonstrated Performance and/or experience; and
- Demonstration of sustainability.

3.5.3 PROBITY ADVISOR

A formal probity plan may be developed, and a probity advisor appointed at the discretion of the CEO in the following circumstances:

- Where the proposed Total Contract Sum exceeds \$5 million over the life of the contract; or
- Where a proposed project is considered to be particularly complex, of a high risk or controversial nature, and/or
- requiring a high level of public confidence.

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

The role and responsibilities of a Probity Advisor is detailed in the supporting Procurement Guidelines

3.5.4 SHORTLISTING AND NEGOTIATIONS

Council may conduct a shortlisting process during EOI, tender and quotation processes. Shortlisting can be based on any criterion or criteria but only in pursuit of the most advantageous outcome for the Council.

All shortlisted tenderers may be invited by Council to submit a best and final offer in relation to all or certain aspects of their respective tenders. Once a preferred tenderer/s is/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.

3.5.5 COLLABORATIVE PROCUREMENT

In accordance with section 108(c) of *the Act*, the Council will first give consideration to collaboration with other Councils and public bodies or utilise Collaborative Procurement Arrangements, when procuring goods, services and works in order to take advantage of economies of scale.

Council Staff must consider any opportunities for Collaborative Procurement in relation to a procurement process undertaken by Council and document this decision in the Tender Evaluation Plan/Checklist. Any Council report that recommends commencing a procurement process must set out information relating to opportunities for Collaborative Procurement, if available, including:

- The nature of those opportunities, if any, and the councils or public bodies with which they are available; and
- Why Council did, or did not, pursue the identified opportunities for collaboration in relation to that procurement process.

When collaborating with other Councils and/or public bodies, the Council will do so in accordance with Appendix 5.

3.6 DELEGATION OF AUTHORITY

3.6.1 REQUIREMENT

Delegations define the limitations within which Council Staff are permitted to commit Council to the procurement of goods, services or works and the associated costs. The Instrument of Delegation allows specified Council Staff to undertake certain purchases, quotation, tender and contractual processes without prior referral to the Council. This enables the Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

Council has delegated responsibilities relating to the expenditure of funds for the purchase of goods, services and works, the acceptance of quotations and tenders and for contract management activities to the CEO. The CEO has further delegated some of those responsibilities to other members of Council Staff, subject to specified conditions and limitations.

3.7 INTERNAL CONTROLS

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

- More than one person is involved in and responsible for the authorisation and management of a transaction from end to end;
- Transparency in the procurement process;
- A clearly documented audit trail exists for procurement activities;
- Appropriate authorisations are obtained and documented;
- Systems are in place for appropriate monitoring and performance measurement; and
- A process is in place for escalation, where appropriate, of procurement matters (including procedural non-compliance) to the Executive Leadership Team, the Audit and Risk Committee and Council (where appropriate)



3.8 RISK MANAGEMENT

3.8.1 GENERAL

Risk assessments are a vital part of the procurement planning process, particularly for significant contracts. Risks will be identified for each part of the sourcing, transition, delivery and finalisation stages of procurement. Appropriate risk avoidance and mitigation strategies will be employed whenever practicable and appropriate.

3.8.2 ENDORSEMENT

Council Staff must not publicly endorse any products or services without the permission of the relevant Director or the CEO.

3.9 DISPUTE RESOLUTION

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

3.10 CONTRACT MANAGEMENT

In order to continually improve its procurement and contract management processes and outcomes, Council will review and evaluate its documented procurement processes and Contract Management Guidelines on a regular basis.

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

- Establishing a system monitoring and achieving the responsibilities and obligations of all parties under the contract;
- Providing a means for the early recognition of issues and performance problems and the identification of solutions;
- Adhering to the Council's risk management framework and relevant Occupational Health and Safety and sustainability requirements.

Council contracts are to include contract management requirements commensurate with the complexity of the procurement. Furthermore, contracts are to be proactively managed by the member of Council Staff responsible for the delivery of the contracted goods, services or works to ensure the Council and therefore the community, receives Value for Money.

Council awards some contracts that are strategically critical and of relatively high value. Council will provide additional senior oversight to the management of such significant contracts.

4 DEMONSTRATE SUSTAINED VALUE

4.1 ACHIEVING VALUE FOR MONEY

4.1.1 REQUIREMENT

The Council's procurement activities will be carried out on the basis of obtaining Value for Money. This means minimising the total cost of ownership over the lifetime of the requirement consistent with acceptable quality, reliability and delivery considerations.

Lowest price is not the sole determinant of Value for Money.

4.1.2 APPROACH

This will be facilitated by:

- Achieving continuous improvement in procurement activity in accordance with the direction set out in the Council's Strategic Procurement Plan;
- Developing, implementing and managing processes that support the co-ordination and streamlining of activities throughout the procurement lifecycle;
- Effective use of competition;
- Using existing Council contractual arrangement or Collaborative Procurement Arrangements where appropriate;
- Identifying and rectifying inefficiencies in procurement processes;
- Developing cost efficient tender processes;
- Council Staff responsible for providing procurement services or assistance within the Council providing competent advice in terms of available products and agreements; and
- Working with suppliers to create relationships that are professional, productive, and are appropriate to the value and importance of the goods, services and works being acquired.



4.2 SUSTAINABLE PROCUREMENT

4.2.1 SUSTAINABLE PROCUREMENT DEFINITION

Sustainable procurement involves decision making that has the most positive environmental, social and economic impacts possible across the entire lifecycle of goods, services and works. The United Nations Environment Programme defines sustainable procurement as a

“PROCESS WHEREBY ORGANISATIONS MEET THEIR NEEDS FOR GOODS, SERVICES, WORKS AND UTILITIES IN A WAY THAT ACHIEVES VALUE FOR MONEY ON A WHOLE OF LIFE BASIS IN TERMS OF GENERATING BENEFITS NOT ONLY THE ORGANISATION, BUT ALSO TO SOCIETY AND THE ECONOMY WHILST MINIMISING DAMAGE TO THE ENVIRONMENT.”

4.2.2 APPLYING SUSTAINABLE PROCUREMENT IN COUNCIL

Sustainability will be embedded in the Council's work. All Council Staff will have a clear and shared understanding about what it means and how they can apply it to their daily tasks. The Council commits to applying the principles of sustainability to all of its decision-making and activities.

Council demonstrates sustainable procurement by:

- Being accountable for its impacts on society, the economy and the environment including the impacts of the organisation's 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 commits to:

- Applying specific principles of sustainability to its decision-making and activities; and
- Focusing on specific Economic, Environmental and Social objectives.

Appendix 2 sets out Council's commitment to Sustainable Procurement.



5 BUILD AND MAINTAIN SUPPLY RELATIONSHIPS

5.1 MANAGING SUPPLIERS

Council recognises the importance of effective and open working relationships with its suppliers and is committed to managing existing suppliers via performance measurements to ensure the benefits negotiated through contracts are delivered.

5.2 SUPPLY MARKET DEVELOPMENT

A wide range of suppliers are encouraged to compete for Council work. The focus for newwork need not always be with the larger more familiar businesses. Other types of organisations offering business diversity include:

- Green suppliers;
- Local, small to medium sized enterprises (SMEs) and Social enterprises;
- Ethnic and minority businesses (e.g. Indigenous Business); and
- Volunteer and community organisations.

5.2 POLICY - KEY LINKAGES AND GOVERNANCE

5.2.1 STANDARDS AND LINKAGES

The Council's procurement activities shall be carried out to the professional standards in accordance with best practice and in compliance with the *Act* and applicable policies and procedures including Codes of Conduct for Councillors, Council Staff and suppliers.

Compliance will be monitored by the Council's Procurement Team and minor issues identified will be addressed by Council Staff in leadership positions. Where required, serious compliance issues will be reported by the CEO to the Audit and Risk Committee and Council.

All Council policies comply with the *Victorian Charter of Human Rights and Responsibilities*.

This Policy has clear linkages to a range of codes, charters, legislation and Council documents, including but not limited to:

- [Local Government Act 2020](#)
- Procurement procedures and guidelines
- Purchasing and accounts payable documents
- Codes of Conduct and associated policies
- Contract management guidelines
- Employee Code of Conduct
- Councillor Code of Conduct
- Gift and Hospitality
- [Competition and Consumer Act 2010,](#)
- Goods Act 1958,
- Fair Work Act 2009,
- Working with Children Act 2005,
- Working with Children Regulations 2016 and
- the Environment Protection Act 1970 and Environment Protection Act 2017 and
- Gender Equality Act 2020
- Child Wellbeing and Safety Act
- Privacy and Data Protection Act 2014

A gender impact assessment has been undertaken in the development of this policy

5.2.2 POLICY REVIEW PROCESS

In accordance with the *Act*, Council will review its Procurement Policy at least once during each 4-year term of the Council.

APPENDIX 1- SGSC COUNCIL PROCUREMENT METHODOLOGY THRESHOLDS

1. REQUIREMENT FOR PROPOSALS, QUOTES AND TENDERS

Council will invite tenders, proposals, quotes and expressions of interest from the supplymarket for goods, services and works in accordance with the thresholds listed below:

Value	Procurement Method	Procurement Process	
0 - \$5,000	One Written quote Local supplier if possible	Purchase order	
\$5,001 - \$20,000	Two written quotes One local supplier if possible	Purchase Order	Officer obtains 2 written quote, which must be from a local business, where a local business exists. The rationale for accepting the quotation must be documented.
\$20,001 - \$50,000	Three written quotes One local supplier if possible	Quotes requested on Council's RFQ Template Purchase Order	Officer seeks to obtains 3 written quotes (min acceptance of 2 quotes) 1 quote, which must be from a local business, where a local business exists. The rationale for accepting the quotation must be documented.
\$50,001- \$150,000	Open RFQ advertised on Council's tendering portal	Quotes requested on Council's RFQ Template Purchase Order	Request for Quote - Utilising Council' s electronic tender portal Open to all portal registered suppliers Quotations evaluated using pre-defined documented evaluation criterion Where a local business/s are within 10% of the lowest price, and there are multiple local business with the highest qualitative score will be the preferred option.
>150,000	Open Tender Advertised on Council's tendering portal	Signed Agreement	Open Tender – Utilising Council's electronic tender portal Tender is open to all portal registered suppliers. Exchanged of signed contracts Procurement supported evaluation A flexible approach to determining evaluation criteria involving sustainable procurement objectives will be taken into consideration based on the individual procurement project and opportunities to mandate specific items in the tender specification (eg recycled material content etc). When determining the evaluation criteria council must always consider the overall value for money for the community.

Procurement transactions will not be split to circumvent these thresholds.

Exemptions from the process have been listed in *Appendix 4 Exemptions from the Procurement Policy*

Exemption requests above CEO financial delegation can only be approved by Council and must clearly demonstrate how they align with Appendix 4 Exemptions.

All exemption approvals, will be documented and presented to the Audit and Risk Committee



2. PROCUREMENT PROCESSES

APPENDIX 2 – CONTRACT VARIATIONS FINANCIAL DELEGATION

Officer/process	Delegation (Excl GST)	Application
Council meeting	> \$150,000	<ul style="list-style-type: none"> Approval of contract variations within the original scope of works
CEO	≤ \$150,000	<ul style="list-style-type: none"> Accumulative approval of contract variations with the limitations of the original scope of works
Director	≤ \$100,000	<ul style="list-style-type: none"> Accumulative approval of contract Variations within limitations of original scope of works
Manager (only with approved written delegation by the contract manager)	≤ \$50,000	<ul style="list-style-type: none"> Accumulative approval of contract Variations.

APPENDIX 3 - SUSTAINABLE PROCUREMENT

Southern Grampians Shire Council commits to applying the principles of sustainable procurement by addressing the 3 key areas of Economic, Environmental and Social Impact.



ECONOMIC

Council commits to procurement that supports local business and economic diversity within the region.

Where practicable, Council will give preference for the purchase of goods, machinery or material manufactured or produced in Australia.

Council also considers the economic benefits of securing goods and services from local/regional suppliers where such spend may be justified as demonstrating Value for Money and its impact on the local economy.

Council is committed to buying from local businesses, whilst remaining compliant with the Competition and Consumer Act 2010 and other fair trading legislation requirements.

Expenditure retained in the region may contribute to the local economy's sustainability through:

- increasing local employment
- increasing business activity within the region
- building relationships and helping them to increase their capacity, and
- fostering innovative and emerging sectors.

ENVIRONMENTAL

Council seeks to reduce the impact on our environment through:

- increasing the use of recycled content when purchasing goods or materials, where practical
- encouraging the diversion of waste materials from landfill through renewal/upgrading or converting to recycled materials
- encouraging the purchase of repairable items in the procurement of goods, and
- Incentivising the use of recovered materials where possible.

SOCIAL

Social procurement involves using procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works.

For Local Government, social procurement builds on initiatives already undertaken by the sector in enhancing sustainable and strategic procurement practice, enabling procurement to effectively contribute to building stronger communities. Social procurement is a key mechanism by which to generate wider social benefits by providing a mechanism for linking and integrating social and economic agendas.

Council supports social procurement when engaging suppliers, contractors and/or service providers.

Consideration will be given to procurement that supports disadvantaged or minority groups within the community.

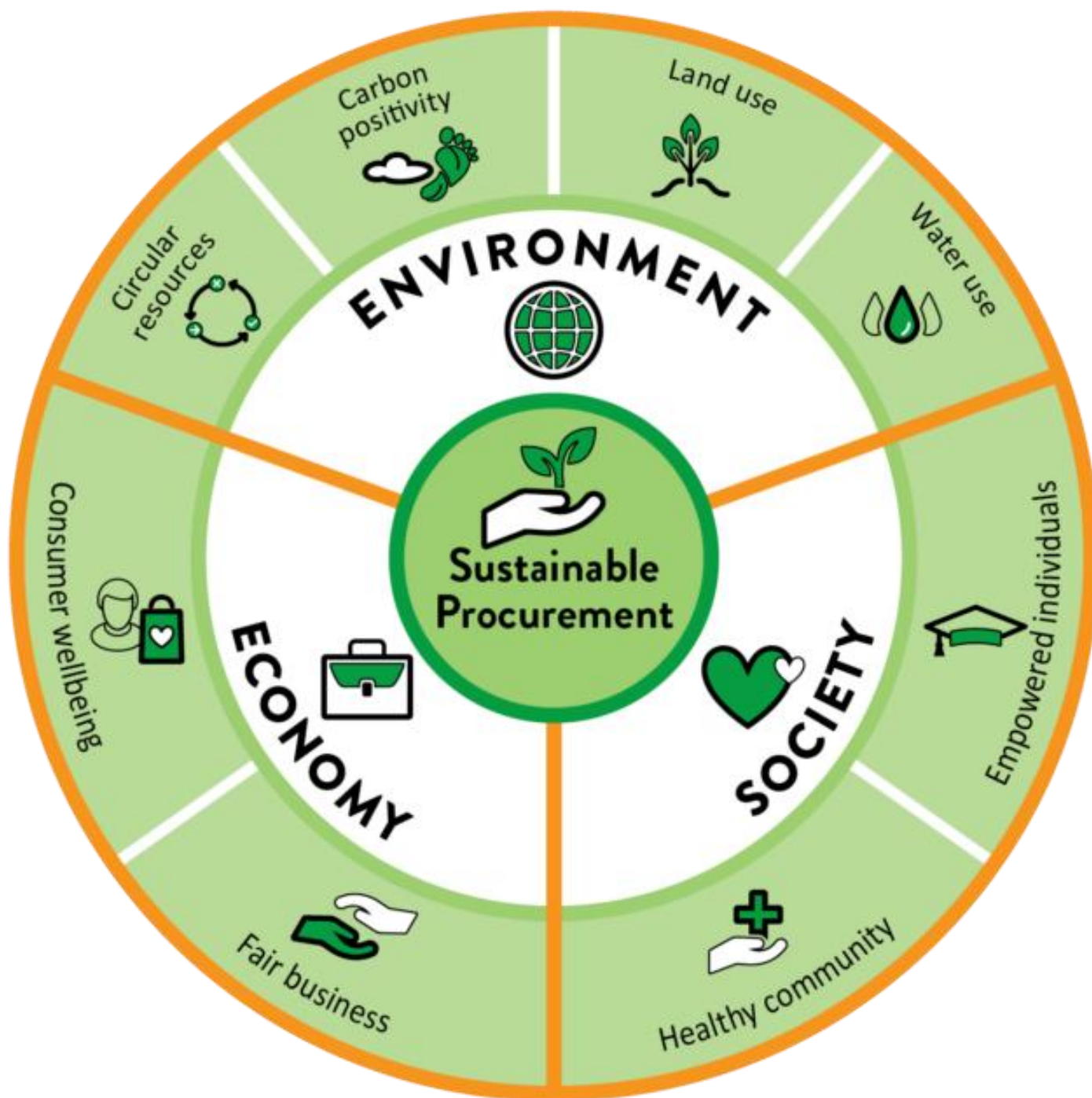
DEMONSTRATION OF COMMITMENT TO SUSTAINABLE PROCUREMENT

Council demonstrates its commitment to sustainable procurement by:

Actively seeking quotations from **local business** (where a local business exists) when procurement activities require a request for quotation

Preferencing local business where a quotation (purchases < \$150,000) has been sought and the price difference is within 10%

Applying a flexible non-price evaluation criteria that supports **economic, social and environment** outcome on all tender opportunities (purchases > \$150,000)



APPENDIX 4 - EXEMPTIONS FROM PROCUREMENT PROCESSES

The following procurements are either exempt from market engagement and/or the requirement for a Purchase Order.

No.	Category	Description	Exempt from market engagement	Exempt from purchase order	Officer delegated to approve payment
1	A contract made because of genuine emergency or hardship	The CEO may enter into a contract under the aforementioned conditions (eg to provide immediate response to a natural disaster or declared emergency or an event) Also refer appendix 7 Definitions and Abbreviations	Yes	No	If over tender threshold, report to be provided to Council at earliest opportunity
2	A contract made with, or a purchase from a contract made by, another government entity, government-owned entity or other approved third party. (collaborative agreements)	This general exemption allows engagements: <ul style="list-style-type: none"> With another government entity or government owned entity. For example, Federal, State or Local Government or an entity owned by the Federal, State or Local Government; and/or In reliance on contracts and arrangements established by another government entity, local authority or local government group purchasing scheme, Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement Australia (PA). 	Yes	No	Relevant Officer under delegation
3	Extension of contracts while Council is at market	Allows Council to extend an existing contract where the procurement process to replace the contract has commenced, and where the tender process or negotiations will take or are taking longer than expected. 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.	Yes	No	Contract Supervisor (if within Delegation limits)
4	Novated Contracts	Where the initial contract was entered into in compliance with the Act and due diligence has been undertaken in respect to the new party.	Yes	No	Contract Supervisor (if within Delegation limits)

	Category	Description	Exempt from market engagement	Exempt from purchase order	Officer delegated to approve payment
5	Information technology resellers and software developers	Allows Council to renew software licenses and maintenance and support, or upgrade existing systems, where there is only one supplier of the software, who holds the intellectual property rights to the software and where Council have assessed the current solution is continuing to demonstrate value for money	Yes	No	Relevant Officer under delegation
6	Operating Leases	Where a lessor leases an asset (generally a vehicle or plant and equipment) to the Council and assumes the residual value risk of the vehicle after it has been demonstrated that the process provides a value for money judgement.	Yes	No	Relevant Officer under delegation
7	Sole Source of Supply	Sole Sourcing can be considered where the purchase is: <ul style="list-style-type: none"> • of an artistic nature, eg performances, • art purchases • specialised education and training, • advertising with local media constitutes • support from the original supplier, e.g. servicing of plant/equipment, extended project consultancy 	Yes	No	Relevant Officer under delegation
8	Utilities	Where there is only a single provider such as: <ul style="list-style-type: none"> • Water Services 	Yes	Yes	Manager Finance
9	Utilities	Where there are multiple providers such as: <ul style="list-style-type: none"> • Power • Gas • Telecommunications 	No	Yes	Manager Finance
10	Statutory Compulsory Monopoly Insurance Schemes	Where there is only a single provider such as: <ul style="list-style-type: none"> • Motor vehicle Registrations and Third Party Insurance • Australia Post for Postage 	Yes	Yes	Manager Finance
11	Other Insurance premiums, Claims & Associated Expenses	Where there are multiple providers such as: <ul style="list-style-type: none"> • Asset protection • Public Liability • WorkCover • Medical Expenses <p><i>These purchases should be reviewed on a regular cycle to ensure "Value for Money" is still being obtained.</i></p>	See Note	Yes	Manager Organisational Development

	Category	Description	Exempt from market engagement	Exempt from purchase order	Officer delegated to approve payment
12	Prescribed contracts	Legal services	Yes	No	Relevant Director or CEO
13	Professional and/ or other services unsuitable for tendering and are of a corporate nature	<p>These services are either passed on to others or of such a manner, would be difficult to evaluate. All attempts should be made to ensure that "Value for Money" is obtained</p> <ul style="list-style-type: none"> • Debt Collection services • Banking & Lending services • Surplus Funds Investments • Professional Memberships & Subscriptions • Advertising – general and Recruitment 	Yes	Yes	Manager Finance (Manager Organisational Development for Recruitment only)
14	Professional and/ or other services unsuitable for tendering and are of a service delivery nature	<p>These services are either passed on to others or of such a manner, would be difficult to evaluate. All attempts should be made to ensure that "Value for Money" is obtained:</p> <ul style="list-style-type: none"> • Venue Hire • Professional workshop and conference registration fees and associated costs. • Accommodation associated with provision of employment. 	Yes	Yes	Relevant Officer under delegation
15	Disbursement of funds collected on behalf of a government agency	<p>Council often collects funds and is then required to forward these funds (under certain conditions) to another level of Government. These include (but not limited to):</p> <ul style="list-style-type: none"> • Superannuation and PAYG Tax • Goods & Services Tax • Employee Payroll deductions • Fire Services property Levy • DELWP fees and charges and • Regional Roads Victoria fees & Charges 	Yes	Yes	Manager Finance
16	Councillor expenses	<ul style="list-style-type: none"> • Allowances • Reimbursements 	Yes	Yes	<ul style="list-style-type: none"> • Manager Finance • CEO
17	Refundable trust funds	Includes Security Bonds, Contract Retentions and other funds held in trust.	Yes	Yes	Manager Finance
18	Levies, fees or fines due by Council to another level of Government Or set by another level of Government to be paid to a supplier.	<ul style="list-style-type: none"> • EPA Victoria - Waste Levy • State Revenue Office - Fire Services Property Levy • State Revenue Office - Land Tax • Valuer General's Office – Valuations (Supplementary) • Auditor General's Office – Contract External Auditor 	Yes	Yes	Manager Finance

	Category	Description	Exempt from market engagement	Exempt from purchase order	Officer delegated to approve payment
19	Decisions made under Council resolution	These items have been approved by Council and clear direction is provided in minutes: <ul style="list-style-type: none"> Purchase of Land & Buildings 	Yes	No	Manager Finance
20	Community Grants	These have been approved by Council	Yes	No	Manager Community Relations
21	Social Enterprises	Where a specific procurement activity's main purpose is to promote the benefits of a social enterprise.	Yes	No	Relevant Officer under delegation



APPENDIX 5 – COMPLIANCE WITH LOCAL GOVERNMENT ACT 2020

Section	Clause	Policy Clause
S108	Procurement Policy	
S108 (1)	A Council must prepare and adopt a Procurement Policy which specifies the principles, processes and procedures applying in respect of the purchase of goods and services by the Council, including for the carrying out of works.	3 Appendix 1 Item 1 and 2
S108 (2)	A Procurement Policy must seek to promote open and fair competition and provide value for money.	3.5.2 4.2 Appendix 1
S108 (3)	A Procurement Policy must include the following—	
S108 (3) (a)	the contract value above which the Council must invite a tender or seek an expression of interest;	Appendix 1
S108 (3) (b)	a description of the criteria to be used by the Council to evaluate whether a proposed contract provides value for money;	3.5.2
S108 (3) (c)	a description of how the Council will seek collaboration with other Councils and public bodies in the procurement of goods or services;	Appendix 5
S108 (3) (d)	the conditions under which the Council may purchase goods or services without inviting a public tender or expression of interest;	Appendix 3
S108 (3) (e)	a description of the process to be undertaken in inviting a public tender or expression of interest;	Appendix 1
S108 (3) (f)	any other matters prescribed by the regulations.	
S108 (4)	The contract value to be included in a Procurement Policy in accordance with subsection (3)(a) must not exceed the value prescribed by the regulations for the purposes of this section.	

Section	Clause	Policy Clause
S108 (5)	A Council must review its Procurement Policy at least once during each 4 year term of the Council.	
S108 (6)	A Council must adopt the first Procurement Policy under this section within 6 months of the commencement of this section.	
S108 (7)	Until a Council adopts a Procurement Policy under this section—	
S108 (7) (a)	the procurement policy approved by the Council under section 186A of the Local Government Act 1989 which is in effect before the commencement of this section applies as if the procurement policy had been adopted under this section; and	
S108 (7) (b)	the restrictions on the power of a Council to enter into a contract under sections 186 and 186A of the Local Government Act 1989 as in force before the commencement of this section continue to apply	
S109	Procurement	
S109 (1)	A Council must comply with its Procurement Policy before entering into a contract for the purchase of goods or services or the carrying out of works.	
S109 (2)	The Chief Executive Officer must ensure that any report to the Council that recommends entering into a procurement agreement includes information in relation to any opportunities for collaboration with other Councils or public bodies which may be available.	

APPENDIX 6 - COLLABORATIVE TENDERING

The following framework was developed by the SWRPEN as guiding principles for member Councils

Council Officers will seek to use Collaborative Procurement Arrangements with third parties when procuring Goods, Services and Works in order to take advantage of economies of scale in accordance with section 108(3)(c) of the Act. When a report for a procurement is presented to Council for approval, it will include information relating to any collaborative arrangement opportunities that were explored as part of the procurement process.

When collaborating with other Councils, the Council will do so in accordance with the following:

- A. working with other SWRPEN Councils to develop a consolidated contract register to identify joint procurement projects on an annual basis;
- B. Council Officers must actively consider all contracts to determine if the procurement would benefit from expertise, economies of scale or other strategic benefits to Council (other than projects that are unique to an individual Council (e.g. unique construction or works projects)) must be included in the consolidated contract register for collaboration consideration;
- C. other contracts which, due to the subject matter, nature or scope, are likely to deliver operational efficiencies if procured in collaboration with the other Councils, must be included in the consolidated contract register for consideration as a possible joint procurement opportunity;
- D. Council Officers commit to regularly reviewing the contracts register to determine whether collaborative procurement should be considered;
- E. where collaborative procurement is to be pursued:
 - a. a pre-market approval submission will be submitted to each Council prior to commitment to collaboration, seeking delegation of contract approval to the appropriate Council Officer of that Council;
 - b. the participating Councils will establish a *Heads of Agreement* that gives authority for a lead council to act as each Council's agent in the Collaborative Procurement Arrangements;
 - c. each of the Councils who participate 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 "jump in/opt-in" contract provisions during the contract term, or with the Council which conducted the relevant procurement;
 - d. each participating Council must be involved in:
 - i. the initial decision to undertake the Collaborative Procurement Arrangement;
 - ii. preparation of, and agreement to, the specifications;
 - iii. ensuring probity for the Collaborative Procurement Arrangement; and
 - iv. the acceptance of tender(s) and awarding of contract(s); and
 - e. when considering the evaluation criteria for a particular Collaborative Procurement Arrangement each participating Council will prioritise Value for Money for the collaborating Council's in addition to its usual Procurement Policy to ensure alignment can be achieved between Council's for the evaluation criteria.

Furthermore, Council may collaborate with other Councils or other bodies such as MAV Procurement or Procurement Australasia to procure Goods, Services or Works, or utilise existing Collaborative Procurement Arrangements established through a public tender process where it provides an advantageous, Value for Money outcome for the Council.

Any Federal or State Government grant funded projects may be excluded from Collaborative Procurement Arrangements.

APPENDIX 7 - DEFINITIONS AND ABBREVIATIONS

Term	Definition
Act	Local Government Act 2020.
Collaborative Procurement Arrangement	a contract established by Council, government or a nominated agent, such as Procurement Australasia, Municipal Association of Victoria (MAV) or a public body, for the benefit of numerous state, federal and/or local government entities and others that achieves best value by leveraging combined economies of scale.
Commercial in Confidence	Information that, if released, may prejudice the business dealings or commercial interests of Council or another party, e.g. prices, discounts, rebates, profits, methodologies and process information, etc.
Contract Management	The process that ensures all parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the contract objectives and provide Value for Money.
Council	Southern Grampians Shire Council
Councillors	Council's elected representatives (the Mayor and Councillors) or Administrator(s) appointed to act in this Capacity.
Council Staff	Includes all Council officers, temporary employees, contractors, volunteers and consultants while engaged by Council.
Emergency	<p>Sudden or unexpected occurrence requiring immediate action e.g.</p> <ul style="list-style-type: none"> The occurrence of a natural disaster such as flooding, bushfire or epidemic which may require the immediate procurement of goods, services or works to provide relief; The occurrence of an event such as flooding or fire at a council property which may require the immediate procurement of goods, services or works to ensure business continuity; The unforeseen cessation of trading of a core service provider due to bankruptcy and a need to appoint a replacement service provider on the grounds of public safety; Any other situation which is liable to constitute a risk to life, property or reputation.
IBAC	The Independent Broad-based Anti-corruption Commission
Indigenous Business	An Indigenous Business is one that is at least 50% owned by an Aboriginal or Torres Strait Islands person(s) (consistent with Supply Nation's definition).
Local Business	A commercial business with an operational premise that is physically located within the municipal borders of Southern Grampians Shire

Term	Definition
Regional Business	A commercial business with an operation premise that is physically located within a local government area whose boundaries adjoin Southern Grampians Shire as well as Warrnambool City Council
Probity	Within government, the term "probity" is often used in a general sense to mean "good process". A procurement process that conforms to the expected standards of probity is one in which clear procedures that are consistent with the Council's policies and legislation, are established, understood and followed from the outset. These procedures need to consider the legitimate interests of suppliers and ensure that all potential suppliers are treated equitably.
Procurement	Procurement is the whole process of acquisition of external goods, services and works. This process spans the whole life cycle from initial concept through to the end of the useful life of an asset (including disposal) or the end of a service contract.
RFx	Request for anything
Schedule of Rates Contract	A standing offer arrangement based on a Schedule of Rates contract that sets out rates for goods and services which are available for the term of the agreement but without a commitment to purchase a specified value or quantity of goods or services.
Social Enterprise	Defined as a purpose driven organisation that is led by an economic, social, cultural, or environmental mission consistent with a public or community benefit.
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
SWRPEN	Southern West Region Procurement Excellence Network
Tender Process	The process of inviting parties via public advertisement or portal notification to submit an offer by tender followed by evaluation of submissions and selection of a successful bidder or tenderer in accordance with pre-determined evaluation criteria.
Total Contract Sum	<p>The potential total value of the contract including:</p> <ul style="list-style-type: none"> • costs for the full term of the contract, including any options for either party to extend the contract; • excludes applicable goods and services tax (GST); • provisional items or anticipated variations; • all other known, anticipated and reasonably foreseeable costs.

Term	Definition
Value for Money	<p>Value for Money in procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:</p> <ul style="list-style-type: none"> • Non-cost factors such as contribution to the advancement of Council's priorities, fitness for purpose, quality, service and support; and • Cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works.





Southern Grampians
SHIRE COUNCIL