



**CORANGAMITE
SHIRE**

Procurement Policy

Corangamite Shire

September 2019

Council Policy



Procurement Policy

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1 Principles

1.1 Background

Corangamite Shire Council recognises that 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 such as bottom-line cost savings, giving the opportunity to support local economies, achieving innovation, better services for communities and sustainable procurement.

The elements of best practice applicable to local government procurement incorporate:

- broad principles covering ethics, value for money, responsibilities and accountabilities;
- guidelines giving effect to those principles;
- a system of delegations (i.e. the authorisation of officers to approve and undertake a range of functions in the procurement process);
- procurement processes, with appropriate procedures covering minor, simple procurement to high value, more complex procurement; and,
- a professional approach.

Best practice procurement requires that Council's contracting, purchasing and contract management activities:

- support Council's corporate strategies, aims and objectives including, but not limited to those related to sustainability, protection of the environment, and corporate social responsibility;
- span the whole life cycle of an acquisition from initial concept to the end of the useful life of an asset, including its disposal, or the end of a service contract;
- achieve value for money and quality in the acquisition of goods, services and works by Council;
- can demonstrate that public money has been well spent;
- are conducted, and are seen to be conducted, in an impartial, fair and ethical manner;
- seek continual improvement including the embrace of innovative and technological initiatives such as electronic tendering processes to reduce activity cost; and,
- generate and support business in the local community.

1.2 Scope

This Procurement Policy is made under Section 186a of the *Local Government Act 1989*.

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 by Council.

This policy applies to all contracting and procurement activities at Council and is binding upon Councillors, Council officers and temporary employees, contractors and consultants whilst engaged by Council.

This policy does not apply to investment of Council funds which are not considered to be purchases of “goods, services or works” pursuant to Section 186A of the Act. Investments are made under Council’s Investment Policy and comply with Section 143 of the Act.

Councils Procurement Policy should not be read in isolation as it has impact across a broad range of policies and practices within Council. These include but are not limited to Code of Conduct for Staff, Asset Management Policies, and Corporate Purchase Card Policy.

1.3 Purpose

The purpose of this Policy is to:

- provide policy and guidance to Council to allow consistency and control over procurement activities;
- demonstrate accountability to rate payers;
- provide guidance on ethical behaviour in public sector purchasing;
- demonstrate the application of elements of best practice in purchasing; and,
- increase the probability of obtaining the best value outcome when purchasing goods and services.

1.4 Treatment of GST

All monetary values stated in this policy include GST.

1.5 Definitions and Abbreviations

Term	Definition
Act	<i>Local Government Act 1989.</i>
Commercial in Confidence	Information that, if released, may prejudice the business dealings of a party. For example, prices, discounts, rebates, profits, methodologies or process information.
Contract Management	The process that ensures both parties to a contract fully meet 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.
Council Staff	Includes full-time and part-time Council officers, and temporary employees, contractors and consultants while engaged by Council.
Probity	A Procurement process that conforms to the expected standards of probity is one in which clear procedures that are consistent with 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.
Standing Offer Arrangements (SOA)	A contract that sets out rates for goods and services which are available for the term of the agreement. However, no commitment is made under the agreement to purchase a specified value or quantity of goods or services.
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.

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.

Tender Process

The process of inviting parties to submit a quotation by tender using public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.

Value for money

Value for money in Procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:

- contribution to the advancement of Council’s priorities;
 - non-cost factors such as 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.
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2 Effective Legislation and Policy Compliance and Control

2.1 Ethics and Probity

2.1.1 Requirement

Council's procurement activities shall be performed with integrity and in a manner able to withstand the closest possible scrutiny.

2.1.2 Conduct of Councillors and Staff

2.1.2.1 General

Councillors and Council staff shall at all times conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity and *will*:

- treat potential and existing suppliers with equality and fairness;
- not seek or receive personal gain;
- maintain confidentiality of Commercial in Confidence information;
- present the highest standards of professionalism and probity;
- deal with suppliers in an honest and impartial manner;
- provide all suppliers and tenderers with the same information and equal opportunity; and,
- be able to account for all decisions.

At the commencement of employment with the Corangamite Shire, new employees shall be inducted to this Policy by either the CEO, the Director of Corporate and Community Services, or the Manager of Finance.

Council staff who are accountable for, responsible for managing or supervising contracts are prohibited from performing any works under the contract they are supervising.

2.1.2.2 Members of Professional Bodies

Councillors and Council staff belonging to professional organisations shall, in addition to the obligations detailed in this policy, ensure that they adhere to any code of ethics or professional standards required by that body.

2.1.3 Tender Processes

All tender processes shall be conducted in accordance with the requirements of this policy, applicable procedures and guidelines, relevant Australian Standards and the Act. Late tenders will not be considered and will be disqualified.

2.1.4 Conflict of Interest

Councillors and Council staff shall at all times avoid situations in which private interests conflict, or might reasonably be thought to conflict, or have the potential to conflict, with their Council duties.

Councillors and Council staff are subject to conflict of interest provisions in:

- The Act: [Division 1A - Conduct and Interests](#);
- [Conflict of Interest in Local Government – October 2011](#) guidelines;
- Councillor Code of Conduct; and,
- Staff Code of Conduct.

Councillors and Council staff must refrain from procurement activities where they have a conflict of interest. Where a conflict exists this must be declared to the Chief Executive Officer and the Councillor and/or Council staff member must excuse themselves from participating in the associated procurement activity.

Councillors, Council staff and third party individuals involved in the evaluation of technical assessments, whether or not as part of an evaluation panel, associated with Quotations or Tenders must declare they do not have a conflict of interest. This must be certified by the Chief Executive Officer or Director Corporate and Community Services.

2.1.5 Fair and Honest Dealing

All prospective contractors and suppliers must be afforded an equal opportunity to tender or quote.

Impartiality must be maintained throughout the procurement process so it can withstand public scrutiny.

The commercial interests of existing and potential suppliers must be protected.

Confidentiality of information provided by existing and prospective suppliers must be maintained at all times, particularly commercially sensitive material such as, but not limited to prices, discounts, rebates, profit, manufacturing and product information.

In-house bids (tenders) are not permitted for tenders.

2.1.6 Accountability and Transparency

Accountability in procurement means being able to explain and provide evidence of the process followed. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

The processes by which all procurement activities are conducted will be in accordance with Council's procurement policies and procedures as set out in this policy and related, relevant Council policies and procedures.

Additionally:

- all Council staff must be able to account for all procurement decisions made over the lifecycle of all goods, services and works purchased by Council and provide feedback on them; and,
- all procurement activities are to provide for an audit trail for monitoring and reporting purposes.

2.1.7 Maintaining Public Trust

- Councils are accountable to the communities they serve and those who fund their services, particularly ratepayers. To properly manage fraud and corruption risks in procurement all employees should be aware how all stakeholders may perceive their actions and expenditure of behalf of Council. Corangamite Shire has a zero tolerance to fraud, corruption and the inappropriate use of council funds. Employees must act in a manner that demonstrates they are managing fraud and corruption risks in procurement, are upholding public trust and are protecting Council's (public) resources. In doing so all staff engaged in procurement activities must:
 - identify and manage conflicts of interest and associated risks;
 - effectively manage and be prepared to report and explain all expenditure;
 - ensure fraud and corruption mitigation measures are considered; and
 - be mindful of community perceptions and ensure expenditure is ultimately of benefit to residents and ratepayers.

2.1.8 Disclosure of Information

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

Councillors and Council staff are to protect, by refusing to release or discuss the following:

- information disclosed by organisations in tenders, quotation or during tender negotiations;
- all information that is Commercial in Confidence information; and
- pre-contract information including but not limited to information provided in quotes and tenders or subsequently provided in pre-contract negotiations.
- Councillors and Council staff are to avoid references to current or proposed contracts in discussion with acquaintances or outside interests.

Details of the winning price will be released to improve the tender and quotation process and value for money. This will be done with the following conditions:

winning price will only be disclosed to unsuccessful tenderers upon request. 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 have potential contractual implications prior to the contract approval process being finalised other than authorized pre-contract negotiations.

2.2 Governance

2.2.1 Structure

The CEO is accountable for organisational procurement.

Management of the procurement policy is the responsibility of the Director of Corporate and Community Services.

Implementation of the policy throughout departments is the responsibility of the respective Director.

The Contracts Administration Officer is responsible for ensuring probity in procurement and monitoring and reporting against the procurement policy.

Council's procurement structure:

- is flexible enough to purchase in a timely manner the diverse range of material, goods, works and services required by Council;
- ensures that prospective contractors and suppliers are afforded an equal opportunity to tender/quote;
- encourages competition; and,
- is communicated to and implemented by all Councillors and Council staff.

Delegated officers are responsible for application of the policy in their respective areas.

2.2.2 Standards

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

- The *Local Government Act 1989*;
- *Council's Corporate Purchase Card Policy*;
- *Contract Management Manual*;
- Councillor Code of Conduct
- Code of Conduct for Staff; and,
- Other relevant legislative requirements such as but not limited to the *Trade Practices Act*, *Goods Act* and the *Environmental Protection Act*.

2.2.3 Methods

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

- Corporate purchase card;
- purchase order following a quotation process from suppliers for goods or services that represent best value for money under directed quotation thresholds;
- under contract following a tender process; or,
- using aggregated purchasing arrangements with other Councils, MAV Procurement, Victorian Government, or other bodies.

2.2.4 Exemptions from purchases requiring a purchase order

Some purchases do not require a purchase order to be provided. These exceptions are contained within attachment three.

Other arrangements can only be authorised by Council or the CEO under emergency circumstances, as defined in the Act.

Council may, at its discretion and based on the complexity and cost of the project, conduct one stage or multi-stage tenders.

Typically a multi-stage tender process will commence with a registration of interest stage followed by a tender process involving the organisations selected as a consequence of the registration of interest stage.

Registrations of interest (ROI) may be appropriate where:

- the requirement is complex, difficult to define, unknown or unclear;
- the requirement is capable of several technical solutions;
- Council wishes to consider ahead of a formal tender processes such issues as whether those tendering possess the necessary technical, managerial and financial resources to successfully complete the project;
- tendering costs are likely to be high and Council seeks to ensure that companies incapable of supplying the requirement don't incur unnecessary expense;
- it is necessary to pre-qualify suppliers and goods to meet defined standards; or,
- the requirement is generally known but there is still considerable analysis, evaluation and clarification required (both of the objective and the solution).

Additionally, Council may run sequential tenders, the first to solicit solutions, the second to compete to provide the solution selected by Council. Such sequential tenders may or may not be preceded by the registration of interest phase as required by Council based on the actual needs of the project.

2.2.5 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.

This policy applies to all Council expenditure, with the exception of grant monies for and on behalf of community groups (refer to section 2.3.2.5).

Self-authorized purchase orders within delegation and to maximum value of \$5,000, including GST, is permissible. Amounts exceeding \$5,000, including GST, will need to be referred to a higher authority for authorisation.

The use of Corporate Purchase Cards must be in accordance with this policy and Council's Corporate Purchase Card Policy.

2.3 Procurement Thresholds and Competition

2.3.1 Requirement

Council will publish in this policy clear guidelines for minimum spend competition thresholds. These will be decided by Council by analysing the historical size and complexity of the procurement activity and of proposed procurement activities.

2.3.2 Minimum Spend Competition Thresholds

2.3.2.1 Tenders

Purchase of all goods and services for which the estimated expenditure exceeds the following amounts must be undertaken by public tender as per the thresholds contained in the Act:

- \$150,000 for all purchases, except building and construction works; and,
- \$200,000 for building and construction works.

Should the CEO, or their delegate, consider that the nature of the requirement and the characteristics of the market are such that the public tender process would lead to a better result for Council, public tenders may be called for purchase of goods, services and works for which the estimated expenditure is below these thresholds, having regard to best value principles.

The tendering process should comprise the following:

Obtain appropriate approval to tender for Goods/Services from Director
Develop a service specification that accurately and clearly defines the service requirements. This also needs to include the criteria by which tenders will be evaluated, including weightings. A strategic procurement plan, based on the Local Government Victoria template, must be completed for procurement amounts, excluding Schedule of Rates contracts, expected to be equal to or greater than \$500,000 prior to advertisement.
Prepare tender documentation that includes: <ul style="list-style-type: none"> • Invitation to tender; • Information to tenderers; • Schedules for the tenderers to complete; • Specification; • Contract Documentation, including drawings maps etc
Advertise inviting tenders in newspapers circulating throughout the municipality
If necessary conduct a pre-tender briefing
Close tenders on advertised date
Arrange a meeting of the Technical Evaluation Panel (at least 3 people), with at least one independent member to the Department undertaking the procurement and preferably a representative from the Finance Department. Where the panel does not contain

representation from the Finance Department the technical evaluation must be independently reviewed by the Finance Department.
Assess against evaluation criteria
Prepare Technical Evaluation Report recording evaluation of tenders received; date and time of Technical Evaluation Panel Meeting. Members of the Panel should sign off on the final report. The Technical Evaluation Report is also a minuted record of the evaluation panel and should contained additional information as appropriate.
Select preferred tenderer and commence negotiations to clarify any uncertainties. Prepare appropriate Council report, attaching Technical Evaluation Report.
Formalize and award contract with service provider, once approved by Council.

2.3.2.2 Quotation and Tender Thresholds

Purchase of goods, services having a total \$150,000 or less (building and construction works having a total of \$200,000 or less) may be undertaken using the procurement by quotation method as described below. A purchase order must be raised and forwarded to the supplier at the time of purchase/award and prior to receiving the works/services unless exempted by this Policy.

- **Items with a value up to \$5,000**

A quotation may be obtained before placing an order.

If more than one supplier has quoted all quotations should be documented.

- **Items with a value of \$5,001 up to \$10,000**

One written quotation must be obtained before placing an order.

Verbal quotations are not acceptable.

- **Items with a value of \$10,001 up to \$150,000 (\$200,000 building and construction works)**

Council's Officer must seek minimum of three written quotations before placing an order.

The quotation offering the best value for money must be confirmed by the supplier in writing and the order placed with that firm. If there is a difference of more than 10% between the lowest quotation and the recommended quotation, this procurement must be approved by a Director/CEO.

Once the three quotation process is undertaken, the Officer will then enter the quotation information into TechOne and then seek approval in accordance with the relevant Officer's purchasing limits under delegation.

Verbal quotations are not acceptable.

- **Items with a value of \$150,000 and over (\$200,000 and over for building and construction works).**

A full public tender must be conducted before placing an order.

Public advertising of works is required.

The use of public advertising may be applied to items with a value up to \$150,000 (\$200,000 building and construction works) at the CEO's, or delegated officer's, discretion. This may occur when a field of potential tenderers has not been established, or an innovative approach is required, or the project has broad appeal that may attract keen prices.

Where Council appoints a tendering agent in accordance with Section 186 of the *Local Government Act*, when the tendering process is completed on behalf of Council, that matter needs to be awarded in accordance with this policy.

2.3.2.3 Procedural Exceptions

The situation may arise where the officer is unable to seek 3 quotations to satisfy the above requirements.

This may occur for a number of reasons. It may include where there are few suppliers for the goods, services or works being sought or the work is highly specialised or of an urgent nature.

In this case, approval from the CEO or relevant Director is required, prior to proceeding with the purchase. Records and supporting evidence must be kept for procedural exceptions.

A copy of approved procedural exceptions memos will be provided to Contracts Administration Officer for storing in Council's Enterprise Resource System.

Refer to Attachment 1 for Procedural Exceptions Memo.

2.3.2.4 Determining Value of Procurement

In order to determine whether a procurement exceeds the relevant procurement threshold, its value must be estimated at the start of the procurement process.

The value of a procurement must include:

- all forms of remuneration, including any premiums, fees, commissions, interest and other revenue streams that may be provided for in the final contract;
- all taxes and charges, including GST;
- the total maximum value of the property or services being procured, including the value of any options or extensions that may be provided for in the proposed contract; and,
- the total value of the proposed contract over the contracted term.

If it is anticipated that a procurement will be close to the relevant threshold, or if it is likely that the final value of a procurement may exceed the relevant threshold, it should be treated as if it exceeds the threshold

It is not permissible to divide a contract into separate smaller procurements to avoid the procurement thresholds. There shall be no splitting of purchase orders to avoid thresholds.

The time period for calculation of cumulative spend shall be a financial year.

2.3.2.5 Dealing with Grant Monies

Where Council is disbursing grant monies directly to a Club or Community Group:

- There is no requirement to follow Council's procurement process or delegation limits. Compliance with good governance regarding purchasing is the responsibility of the Club or Community Group.

- The Club or Community Group will be required to provide an acquittal to account for the funds at the completion of the project.
- If a third party organisation is providing the funds and requiring Council to manage funds on behalf of Club or Community Group they be made aware of this section of Council's procurement policy.

Where Council is paying for goods and services on behalf of a Club or Community Group:

- Council's procurement policy will apply in all circumstances.

2.3.2.6 Collaborative Procurement

Under Section 186 of the Local Government Act 1989, Council has the ability to authorise procurement agencies to act on its behalf to undertake collaborative procurement by way of public tender. There are two agencies that offer this service to Council, those being the Municipal Association of Victoria and Procurement Australia. Those agencies undertake the collaborative process to achieve the best outcomes for Councils, as its appointed agent.

The Minister for Local Government has granted an exemption to allow Councils to access all MAV and Procurement Australia contracts. When utilising Collaborative Procurement, all contracts must be awarded in accordance with Council's procurement thresholds and delegation of authority

2.3.3 Requirement

Delegations define the limitations within which Council staff are permitted to undertake procurement activities. Delegation of procurement authority allows Council staff to approve purchases, quotation, tender and contractual processes without prior referral to Council. This enables Council to conduct procurement activities in an efficient manner whilst maintaining transparency and integrity.

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

As such, Council has delegated responsibilities as detailed below relating to:

- the expenditure of funds for the purchase of goods, services and works;
- the acceptance of quotes and tenders; and,
- for Contract Management activities.

Refer to Attachment 2.

2.3.4 Delegations

2.3.4.1 Council Staff

Council shall maintain a documented scheme of procurement delegations, identifying Council staff authorised to make such procurement commitments in respect of goods, services and works on behalf of Council and their respective delegations contained in Financial Delegations policies:

- Acceptance of tenders
- Acceptance of quotes
- Contract term extensions (within authorised budget)
- Contract amendment (non-financial)
- Contract amendment (financial)
- Register of pre-qualified suppliers
- Corporate Purchase Card purchases
- Procedural exceptions

Staff may seek reimbursement for minor out of pocket expenses, including licenses, memberships, subscriptions, material expenses and pre- approved study and travel expenses. All approvals must be by their Manager or Director.

2.3.4.2 Delegations Reserved for Council

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

- Signing and sealing of contract documents.
- Tender recommendations and contract approval for all expenditure over \$150,000 for goods and services (\$200,000 for building and construction works and which the exceeds the CEO's delegation).
- Contract term extensions requiring additional budget.

2.4 Internal Controls

Delegated officers involved in procurement will adhere to a framework of internal controls over procurement processes that will ensure:

- transparency in the procurement process;
- a clearly documented audit trail exists for procurement activities;
- appropriate authorisations are obtained and documented; and,
- systems are in place for appropriate monitoring and performance measurement.

2.5 Commercial Information

Procurement activities will be carried out in a way that supports Council staff in meeting their obligations - to ensure information of a commercially sensitive or confidential nature is obtained, stored, processed, published (where applicable) in an appropriate manner in accordance with the relevant Council guidelines.

2.6 Risk Management

2.6.1 General

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

2.6.2 Occupational Health and Safety

Health & Safety requirements throughout the lifecycle of the product or service being purchased shall be addressed prior to procurement in accordance with the Council Health & Safety Management System. Lifecycle includes usage of the plant/equipment or substance including maintenance and disposal. Reference should also be made to Council's Health & Safety Management System for additional requirements.

2.6.3 Supply by Contract

The provision of goods, services and works by contract or quotation potentially exposes Council to risk.

Council will minimise its risk exposure by measures such as:

- standardising contracts to include current, relevant clauses;
- requiring security deposits where appropriate;
- referring specifications to relevant experts;
- requiring contractual agreement before allowing the commencement of work;
- use of or reference to relevant Australian Standards (or equivalent);
- effectively managing the contract including monitoring and enforcing performance;
- undertaking relevant financial checks of companies to ensure they are viable to undertake the contract; and,
- and obtaining copies of certificates of currency for relevant insurances.

2.7 Contract Terms

All contractual relationships must be documented in writing based on standard terms and conditions.

Where this is not possible, approval must be obtained from the appropriate member of Council staff listed in Council Delegations. A request for such an approval should be supported with procurement and legal advice as relevant.

Terms and conditions with a supplier must be settled in advance of any commitment being made. Any exceptions to doing this must be authorised by the appropriate member of Council staff listed in Council Delegations.

2.8 Endorsement

Council staff must not endorse any products or services. Individual requests received for endorsement must be referred to CEO or relevant Director.

2.9 Dispute Resolution

All Council contracts shall incorporate dispute management and alternative dispute resolution provisions, to minimise the risk to both parties of disputes leading to legal action.

2.10 Contract Management

The purpose of contract management is to ensure that Council, and where applicable its clients, receive the goods, services or works provided to the required standards of quality and quantity as intended by the contract by:

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- establishing a system monitoring and achieving the responsibilities and obligations of both parties' under the contract;
- providing a means for the early recognition of issues and performance problems and the identification of solutions; and,
- adhering to Council's Risk Management Framework and adhering to relevant Occupational Health and Safety Contractor Compliance Procedures.

All Council contracts are to include contract management requirements in accordance with the Contract Management Manual. 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 Council receives value for money.

2.11 Purchase Order Variations

Purchase order variations are permissible. However, the variation should be disclosed as a separate item on the purchase order.

2.12 Contract Variations

Contract Variations should be pre-approved by Council at the time of awarding the original Contract, with CEO being authorised to approve amounts up to \$250,000. When awarding a variation, this should be approved according to officer delegation. Contract variations greater than \$250,000 will need to be approved by Council.

Where variations are awarded that are greater than 20% of the original contract sum, these will need to be reported to the Audit Committee annually.

2.13 CEO Additional Procurement Delegation

The Chief Executive Officer has an additional delegation up to an amount of \$500,000 in relation to the following procurement activities:

- Payment of all Council insurances;
- Purchase of heavy fleet that has been approved through the annual budget and procured in accordance with this policy;
- Schedule of Rates contracts up to an anticipated amount not exceeding \$500,000 for the term of the contract. Prior to approving a Schedule of Rates contract the Director of Corporate and Community Services or Manager Finance must review the associated financial costings before consideration by the Chief Executive Officer.

3 Demonstrated Sustained Value

3.1 Integration with Council Strategy

Council procurement strategy shall support the Council Plan, aims and objectives, meeting the needs of the local community in the areas of:

- governance;
- prosperity;
- environment;
- community wellbeing;
- lifestyle; and,
- infrastructure.

3.2 Achieving value for money

3.2.1 Requirement

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 determinate of value for money.

In practice this means weighing up the benefits of the purchase against the cost of the purchase. Value for money factors needs to be specifically included in evaluation criteria and may include:

- fitness for purpose;
- maintenance and running costs over the lifetime of the product;
- the advantages of buying locally:
 - shorter delivery times;
 - local backup and servicing;
 - the availability of spare parts;
 - the contribution to the achievement of other government policy objectives, such as industry development and employment creation;
 - the potential for creating strategic partnerships and cooperative product development;
- quality assurance;
- risks;
- the capacity of the supplier;
- environmental considerations;
- energy conservation;
- ability to meet specified timelines; and,
- disposal value.

3.2.2 Approach

This will be facilitated by:

- developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout the lifecycle;
- effective use of competition;
- using aggregated contracts and SOA where appropriate;
- identifying and rectifying inefficiencies in procurement processes;
- developing cost efficient tender processes including appropriate use of e-solutions; and,
- Council staff responsible for providing procurement being acquired.

3.2.3 Role of Specifications

Specifications used in quotations, tenders and contracts are to support and contribute to Council's value for money objectives through being written in a manner that:

- ensures impartiality and objectivity;
- encourages the use of standard products;
- encourages sustainability;
- provides a clear understanding of the works required or goods to be supplied; and,
- eliminates unnecessarily stringent requirements.

3.3 Sustainability

3.3.1 General

Council is committed to achieving sustainability and ensuring it monitors and reports on Council activities and programs that have an impact on or contribute to the environment including but not limited to the following:

- waste management;
- recycling;
- energy management;
- emission management;
- water conservation;
- green building design; and,
- procurement.

3.3.2 Sustainable Procurement

Council is committed to adopting a Green Procurement approach by supporting the principles of sustainable procurement within the context of purchasing on a value for money basis.

Value for money purchasing decisions made by Council are made on the basis of whole-of-life cost and non-price factors including contribution to Council's sustainability objectives

Council prefers to purchase environmentally preferred products whenever they achieve the same function and value for money outcomes.

Council will therefore consider the following environmental sustainability criteria:

- **Reduce, Reuse, and Recycle:**
Council is committed to reduce resources, consumption and minimise waste during the procurement life cycle including:
 - Council shall encourage and prefer Eco-friendly products which are more power efficient.
 - Selecting energy, fuel and water efficient products (ideally Energy and Water Star Ratings of 4 Star and above, and the highest Green Vehicle Guide star rating)
 - Council shall prefer to purchase from a source which is less polluting or uses clean technology
 - Council's procurement projects should automatically consider the provision of re-usable products and recycling as part of the project planning process, including the consideration of whole-life costs and disposal considerations.
- **Buy Recycled:**
Council is committed to buy recycled/part recycled products to optimise consumption and stimulate demand for recycled products, promoting the collection and reprocessing of waste and working towards zero discharge to landfill.
- **Green the Supply Chain:**
Council will encourage suppliers to adopt good environmental practices. Council will promote green procurement throughout its supply chain and will give preference to selection which has minimum environmental impact.

3.4 Diversity

Promoting equality through procurement can improve competition, value for money, the quality of public services, satisfaction among users, and community relations.

Diversity should be a consideration in every procurement project and reflect corporate commitment to diversity and equal opportunities.

The Victorian *Charter of Human Rights* will be considered as part of the procurement process. Successful suppliers will be asked to show compliance with the Charter.

3.5 Support of Local Business

Council is committed to buying from local business where such purchases may be justified on value for money grounds.

In the evaluation of all public tenders a 5% weighting shall be given to suppliers who demonstrate how they intend to support local suppliers, contractors and services.

This condition is mandatory for all public tenders. It should be considered as a criterion for quotes.

Local is defined as within the Corangamite Shire.

4 Apply a Consistent and Sustained Approach

4.1 Standard Processes

Council will provide effective commercial arrangements covering standard products and provision of standard services across Council to enable employees to source requirements in an efficient manner.

This will be achieved via establishing the following:

- pricing where relevant;
- processes, procedures and techniques;
- tools and business systems (e.g. implementing appropriate e-tendering, e-evaluation; e-catalogue or e-sourcing arrangements);
- reporting requirements; and,
- application of standard contract terms and conditions.

4.2 Management Information

Council seeks to improve its' performance by capturing and analysing procurement management information in a variety of areas, including:

- volume of spend;
- number of transactions per supplier;
- supplier performance;
- user satisfaction;
- category management; and,
- green spend.

The Contracts Administration Officer will complete desktop audits of organisational purchasing. Reports will be provided to the Senior Officer Group monthly including information on:

- dollar value by supplier;
- if purchasing process is compliant, requires investigation, non-compliant or is a procedural exemption;
- purchases without purchase orders; and
- purchases from suppliers approaching tender thresholds,
- all approved procedural exemptions.

5 Build and Maintain Supply Relationships

5.1 Developing and Managing Suppliers

Council recognises that in order to achieve value for money, a strategic assessment of the appropriate ‘channel to market’ should be undertaken – whether to go to market on its own, participate in regional or sector aggregated projects or panels, access State Government panel agreements or other means.

Council will consider supply arrangements that deliver the best value outcomes in terms of time, expertise, cost, value and outcome.

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

- managing existing suppliers, via the appropriate development programmes and performance measurements;
- developing new suppliers and improving the capability of existing suppliers where appropriate.

5.2 Supply Market Development

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

- Local businesses
- Green suppliers
- Small to medium sized enterprises (SME’s)
- Social enterprises
- Ethnic and minority business

5.3 Relationship Management

Council is committed to developing constructive long-term relationships with suppliers.

It is important that Council identifies its key suppliers so that its efforts are focused to best effect. Such areas may include:

- size of spend across Council;
- criticality of goods / services, to the delivery of Council’s services;
- availability of substitutes; and,
- market share and strategic share of suppliers

6 Continual Improvement

Council is committed to continuous improvement and will review the procurement policy on an annual basis in line with the Act and to ensure that it continues to meet its wider strategic objectives.

7 Policy Owner

Manager Finance

It is considered that this Policy does not impact negatively on any rights identified in the *Charter of Human Rights and Responsibilities Act (2006)*.

Attachment 1- Procedural Exceptions Memo

Part of the goals of Corangamite’s procurement policy is to:

- Achieve value for money and quality in the acquisition of goods, services and works by Council;
- demonstrate that public money has been well spent;
- procurements are conducted, and are seen to be conducted, in an impartial, fair and ethical manner.

There are limited circumstances in which there may be legitimate reasons compliance with the minimum spend competition thresholds are not met. This manifests itself by negotiation directly with suppliers without the prescribed competitive quotations or tender process.

The following factors provide guidance in identifying and documenting such circumstances:

1. Emergency – applies when there is extreme urgency brought about by events unforeseen by the organisation and the property or services cannot be obtained in time through an open tender or quotation process.
2. Sole Supplier / Insufficient Quotes – when it is clear beyond doubt that there are not sufficient suppliers to provide requisite quotes. Documentation of recent market testing and well defined specifications of the goods and services sought is required.
3. Scope Change – when there is unforeseen need to alter the scope of the project in a minor way and the cost of obtaining further quotations or retendering will outweigh the potential benefits.
4. Exceptionally Advantageous Time-limited Conditions – this includes unusual disposals by suppliers, unsolicited innovative proposals, liquidation, bankruptcy, or receivership and which are not routine purchases from regular suppliers.
5. Intellectual Property – where the property or services can only be supplied by a particular business and no other reasonable alternative or substitute exists, namely for a work of art; or to protect patent, copyright, or other exclusive right, proprietary information, software as some examples.
6. Absence of Competition – for technical reasons where products are limited by patents or licences. To be supported by comprehensive market research and demonstrated organisational benefits.
7. Support From Original Supplier – for additional property or services by the original supplier or authorised representative where a change in supplier would compel the agency to procure property or services that do not meet the requirements of compatibility with existing services. For example spare parts for vehicles and plant.

The following factors are not reasons that justify seeking a procedural exception:

- Completion of projects prior to end of financial year. Projects should be well planned to avoid end of year deadlines.
- Use of the “emergency” category should not substitute for good project planning.
- Desire to include only certain suppliers because of previous relationships.
- Working with and expending Council funds through a community group.

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Responsibility: Manager Finance

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**CORANGAMITE
SHIRE**

<i>To:</i>	Choose an item.
<i>From:</i>	Click here to enter Name, Title.
<i>CC:</i>	Contracts Administration Officer
<i>Date:</i>	Click here to enter a date.
<i>Topic:</i>	Click here to enter text.

Purpose

To seek an exemption from the Procurement Policy on the following grounds:

- 1. Emergency
- 2. Sole Supplier / Insufficient Quotes (document market testing)
- 3. Scope Change
- 4. Exceptionally Advantageous Time-limited Conditions
- 5. Intellectual Property
- 6. Absence of Competition
- 7. Support From Original Supplier

Supplier: Click here to enter text.

Value: Click here to enter text.

Approval for this exemption must be gained prior to the procurement being undertaken.

Background

Issue

Recommendation

Prepared by:

[Click here to enter Name, Title.](#)

[Click here to enter a date.](#)

Signature:

Approved by:

[Choose an item.](#)

[Click here to enter a date.](#)

Signature:

Attachment 2 – Delegations

Position Title	Purchasing Limit	Acceptance of Tenders	Acceptance of Quotes	Extensions Works Within Budget	Amendment - Non-financial	Amendment – Financial	Procedural Exceptions	Comments
Accountant	\$1,000	No	Yes	No	No	No	No	Term Deposits & EFT transfer authorisation up to \$2 million with a 2 nd authorisation
Accounting Officer	\$1,000	No	Yes	No	No	No	No	EFT transfer authorisation up to \$2 million with a 2 nd authorisation.
Accounts Receivable Officer	\$1,000	No	Yes	No	No	No	No	Debt collection charges & EFT transfer authorisation up to \$2 million with a 2 nd authorisation.
Administration Officer – Building and Planning	\$1,000	No	Yes	No	No	No	No	
Administration Officer – Community Services	\$1,000	No	Yes	No	No	No	No	
Administration Officer – Governance	\$2,000	No	Yes	No	No	No	No	
Administration Coordinator – Home and Community Care	\$5,000	No	Yes	No	No	No	No	
Administration Officer – Environment and Emergency	\$1,000	No	Yes	No	No	No	No	
Administration Coordinator – Works and Services	\$10,000	No	Yes	No	No	No	No	\$50K for works awarded under tender and relevant to works and services area

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Position Title	Purchasing Limit	Acceptance of Tenders	Acceptance of Quotes	Extensions Works Within Budget	Amendment - Non-financial	Amendment - Financial	Procedural Exceptions	Comments
Administration Officer – Works and Services	\$10,000	No	Yes	No	No	No	No	
Administration Officer – Sustainable Development	\$1,000	No	No	No	No	No	No	
Aged and Disabled Services Coordinator	\$10,000	No	Yes	No	No	No	No	
Assessment Officer	\$1,000	No	Yes	No	No	No	No	
Assets Field Officer	\$1,000	No	Yes	No	No	No	No	
Assets/GIS Officer	\$1,000	No	Yes	No	No	No	No	
Bridge Technician	\$5,000	No	No	No	No	No	No	
Carpenters	\$5,000	No	No	No	No	No	No	
Chief Executive Officer	\$250,000 or \$500,000	Yes	Yes	Yes	Yes	Yes	Yes	Unlimited if approved by Council or in an emergency. Up to \$500,000 for procurement activity in accordance with clause 2.13 of this policy.
Communications Officer	\$10,000	No	Yes	No	No	No	No	
Community Care Respite Worker – Respite	\$1,000	No	No	No	No	No	No	
Contracts Administration Coordinator	\$10,000	No	Yes	Yes	Yes	No	No	

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Position Title	Purchasing Limit	Acceptance of Tenders	Acceptance of Quotes	Extensions Works Within Budget	Amendment - Non-financial	Amendment – Financial	Procedural Exceptions	Comments
Community Relations Officer	\$1,000	No	Yes	No	No	No	No	
Community Development Officer	\$10,000	No	Yes	Yes	Yes	No	No	
Director Corporate and Community Services	\$75,000	Yes	Yes	Yes	Yes	Yes	Yes	Term deposits & EFT transfer authorisations up to \$5 Million with a 2nd authorisation. Payment of Fire Services Levies for all amounts due to the State Government are permitted. Up to \$5M for the approval of contracts and purchase orders created using the Contracts Module in Techone and that have been approved by Council previously.
Director Sustainable Development	\$75,000	Yes	Yes	Yes	Yes	Yes	Yes	
Director Works and Services	\$75,000	Yes	Yes	Yes	Yes	Yes	Yes	
Early Years Coordinator	\$10,000	No	Yes	No	No	No	No	
Economic Development Officer	\$5,000	No	Yes	No	No	No	No	
Emergency Management Officer	\$10,000	No	No	No	No	No	No	
Engineer – Assets and Design	\$1,000	No	Yes	No	No	No	No	

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Engineer – Works	\$10,000	Yes	Yes	Yes	Yes	No	No	\$50K for works awarded under tender and relevant to Works Area
Environment Coordinator	\$10,000	No	Yes	Yes	Yes	No	No	
Environmental Health Officer	\$1,000	No	No	No	No	No	No	
Environment Officer	\$10,000	No	Yes	Yes	No	No	No	
Environment Project Officer	\$10,000	No	Yes	Yes	Yes	No	No	
Executive Services and Governance Co-ordinator	\$10,000	No	Yes	No	No	No	No	
Family Day Care Coordinator	\$5,000	No	Yes	Yes	Yes	No	No	
ICT/GIS Officer	\$10,000	No	Yes	No	No	No	No	
Human Resource Officer	\$1,000	No	Yes	No	No	No	No	
Immunisation and Maternal & Child Health Coordinator	\$10,000	No	Yes	No	No	No	No	
Infrastructure Projects Officer	\$10,000	No	Yes	Yes	No	No	No	
IT Network Support Officer	\$10,000	No	Yes	Yes	Yes	No	No	
IT Officer	\$10,000	No	Yes	Yes	No	No	No	
Kindergarten Educator	\$1,000	No	Yes	No	No	No	No	
Local Laws Officer	\$1,000	No	Yes	No	No	No	No	

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Position Title	Purchasing Limit	Acceptance of Tenders	Acceptance of Quotes	Extensions Works Within Budget	Amendment - Non-financial	Amendment – Financial	Procedural Exceptions	Comments
Manager – Assets Planning	\$25,000	Yes	Yes	Yes	Yes	Yes	No	
Manager – Growth and Engagement	\$25,000	Yes	Yes	Yes	Yes	Yes	No	
Manager – Finance	\$25,000	Yes	Yes	Yes	Yes	Yes	No	Term deposits & EFT transfer authorisations up to \$5 Million with a 2nd authorisation. Payment of Fire Services Levies for all amounts due to the State Government are permitted. Up to \$5M for the approval of contracts and purchase orders created using the Contracts Module in Techone and that have been approved by Council previously.
Manager – Human Resources and Risk	\$25,000	Yes	Yes	Yes	Yes	Yes	No	
Manager – Community Services	\$25,000	Yes	Yes	Yes	Yes	Yes	No	
Manager – Information	\$25,000	Yes	Yes	Yes	Yes	Yes	No	
Manager – Environment and Emergency	\$25,000	Yes	Yes	Yes	Yes	Yes	No	
Manager – Facilities and Recreation	\$25,000	Yes	Yes	Yes	Yes	Yes	No	

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Position Title	Purchasing Limit	Acceptance of Tenders	Acceptance of Quotes	Extensions Works Within Budget	Amendment - Non-financial	Amendment – Financial	Procedural Exceptions	Comments
Manager – Planning and Building	\$25,000	Yes	Yes	Yes	Yes	Yes	No	
Manager – Works	\$25,000	Yes	Yes	Yes	Yes	Yes	No	
Manager – Works (Vehicle Purchases Only)	\$50,000	Yes	Yes	Yes	Yes	Yes	No	Vehicle Purchases Only
Mobile Child Care Coordinator	\$10,000	No	Yes	No	No	No	No	
Municipal Building Surveyor	\$1,000	No	No	No	No	No	No	
Occupational Health and Safety Officer	\$1,000	No	Yes	No	No	No	No	
Parks and Gardens Co-ordinator	\$10,000	No	No	No	No	No	No	
Payroll Officer	\$2,000	No	Yes	Yes	Yes	No	No	Payroll related issues only & EFT transfer authorisation up to \$2 million with a 2nd authorisation
Plant Maintenance Co-ordinator	\$5,000	No	Yes	No	No	No	No	
Projects Support Officer	\$1,000	No	Yes	No	No	No	No	
Property Officer	\$10,000	No	Yes	No	No	No	No	
Rates Revenue Coordinator	\$10,000	No	Yes	No	No	No	No	Payment of Fire Services Levies for all amounts due to the State Government are permitted.

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Records Coordinator	\$1,000	No	Yes	No	No	No	No	
Position Title	Purchasing Limit	Acceptance of Tenders	Acceptance of Quotes	Extensions Works Within Budget	Amendment - Non-financial	Amendment - Financial	Procedural Exceptions	Comments
Recreation Officer – Camperdown Stadium	\$1,000	No	No	No	No	No	No	
Recreation Officer – Timboon Stadium	\$1,000	No	No	No	No	No	No	
Risk Management Coordinator	\$1,000	No	Yes	No	No	No	No	
Sport and Recreation Coordinator	\$10,000	No	Yes	Yes	Yes	No	No	
Statutory Planner	\$1,000	No	Yes	No	No	No	No	
Strategic System Analyst	\$5,000	No	Yes	No	No	No	No	
Store Clerk	\$10,000	No	Yes	Yes	Yes	No	No	
Team Leader – Building Works Officer	\$10,000	No	Yes	Yes	Yes	No	No	
Team Leader – Landfill	\$10,000	No	Yes	Yes	Yes	No	No	
Team Leader – Parks and Gardens	\$10,000	No	Yes	Yes	Yes	No	No	
Team Leader – Plant Maintenance	\$10,000	No	Yes	Yes	Yes	No	No	

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Team Leader – Plant Maintenance	\$50,000	No	Yes	Yes	Yes	No	No	Spare parts
Position Title	Purchasing Limit	Acceptance of Tenders	Acceptance of Quotes	Extensions Works Within Budget	Amendment - Non-financial	Amendment – Financial	Procedural Exceptions	Comments
Team Leader – Works	\$10,000	No	Yes	Yes	Yes	No	No	
Team Leader Assistant – Works	\$5,000	No	Yes	Yes	Yes	No	No	
Works Technical Support Officer	\$10,000	No	Yes	Yes	Yes	No	No	
Visitor Information Centre Coordinator	\$1,000	No	No	No	No	No	No	
Youth Development Officer	\$5,000	No	Yes	Yes	Yes	No	No	

Attachment 3 – Exemptions from purchase orders requirements.

- Legal advice or legal services.
- Grants approved by Council.
- Sundry items for staff amenities, including water, milk and newspapers.
- Utility accounts such as power, gas and water.
- Audit services under contract
- Statutory payments such as EPA Levy and Fire Services Property Levy.
- Lease payments for equipment.
- Insurance Payments
- Fuel (on account)
- Australia Post
- Bank fees
- Annual subscriptions
- Memberships
- Waste collected from Council Landfill and to be disposed of by third parties

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