



Policy Title:	PROCUREMENT POLICY 2020	
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Responsible Manager:	Manager Finance	
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Last Review Date:	May 2020	
Next Review Date:	May 2021	
Purpose:	<p>To confirm the principles, internal controls and delegations that apply to the purchasing of goods and services, or undertaking works (such as construction and maintenance) thereby ensuring that Council continues to –</p> <ul style="list-style-type: none"> Enhance the accountability and transparency of its procurement practices. Achieve good value for money and receive the benefits normally expected by seeking prices in a competitive market. Delegate appropriate levels of responsibility and control to Officers. 	
Background:	<p>This Procurement Policy is made under Section 186A of the Local Government Act 1989 [the Act].</p> <p>The Act states that Council shall prepare, approve and comply with the Procurement Policy and review it annually.</p>	
Definitions:	Collaboration	Opportunities to work with other Councils or Public bodies to procure goods and service and works.
	Confidential information	Confidential information is information that the Supplier wishes (or would be expected to wish) to be kept confidential so as to develop or obtain a competitive advantage. Confidential information includes tender prices, discounts, rebates, profits, cost structures, methodologies, process information and intellectual property.
	Conflict of Interest	A conflict of interest exists when private interests conflict with public duty. In a situation where private interests may benefit from or be adversely affected

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		by public duty a conflict of interest probably exists and it should be declared.
	Contract Management	The process that ensures both parties to a contract fully meet their respective obligations efficiently and effectively, being fair and reasonable in order to deliver the objectives and performance standards required from the contract.
	Council Staff	Staff employed by Council and, for the purpose of this Policy, the definition of Council Staff also includes contractors, consultants and agents whilst engaged by Council.
	Local Business	A Business whose registered business address is within the Shire of Macedon Ranges.
	Preferred Supplier Panels	Panels of suppliers or vendors who are able to supply goods, works or services. Panels are based on categories such as trade services and plant hire. Panels mean that Council staff are able to request a quotation (from suppliers on the panel) without publically inviting tenders (noting that the number of quotations requested still needs to be compliant with the policy). Preferred Supplier Panels are also known as Approved Supplier Lists or Approved Contractor Lists.
	Principles	Procurement principles are the fundamental propositions or forces that serve as the foundation for the policy and will govern procurement practices and decision making.
	Probity	Behaving ethically with integrity and honesty whilst upholding public values. Making decisions with impartiality, accountability and transparency. Always complying with legislation and policy.
	Processes	A process is a series of interrelated procedures taken to achieve an end result.
	Procedures	A procedure is a fixed, step-by-step sequence of activities (with definite start and end points) that must be followed in the same order to correctly accomplish a task.
	Procurement	Procurement is the whole process of acquisition of goods, services and works. This process spans the whole life cycle from initial concept through to the

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	end of a service or supply contract or the end of the useful life of an asset.
Suppliers	Any organisation which supplies goods or services to Council including but not limited to, contractors, subcontractors, manufacturers, wholesalers, retailers and consultants.
Sustainability	Activities that meet the needs of the present generation without compromising the ability of future generations to meet their needs.
Tender Process	The process of inviting suppliers to submit a tender, usually by public advertisement, followed by evaluation of tenders and selection of a successful Tenderer.
Value for Money	The supply of goods, services and works taking into account both cost and non-cost factors including: <ul style="list-style-type: none"> • Contribution to the advancement of the Council's goals and objectives; • Non-cost factors such as fitness for purpose, quality, service and support; • Environmental benefit; and • Cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding and maintaining goods, services or works.
References:	<p>"Doing business with local government: A guide to better understand how to successfully become a supplier for local government" by MAV Procurement.</p> <p>Victorian Local Government Best Practice Procurement Guidelines 2013 by the Victorian Government.</p>
Related Legislation:	<p>Sections 186 and 186A of the of the Local Government Act 1989</p> <p>Local Government (Planning and Reporting) Regulations 2014</p> <p>Victoria Government Gazette - Order in Council – An order fixing the value of contracts came into operation on 5 August 2008 - was published in the Government Gazette on 7 August 2008.</p> <p>http://www.gazette.vic.gov.au/gazette/Gazettes2008/GG2008G032.pdf</p> <p>Page 1908.</p>
Related Policies and Procedures:	<p>MRSC Staff Code of Conduct</p> <p>Victorian Government – Conflict of Interest – A Guide for Council Staff – October 2012</p>

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	Public Tendering Process 2019 Staff Expenditure Reimbursements Policy and Procedure
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1 Policy

1.1 Legislation

The authority to prepare and approve the Procurement Policy is given under Section 186A of the Local Government Act 1989 [the Act].

The Act states that Council shall prepare, approve and comply with the Procurement Policy and review it annually.

The Act states that a “Procurement Policy means the principles, processes and procedures that will apply to all purchases of goods, services and works by the Council”.

1.2 Scope

This policy applies to all procurement activities at Council. It is binding upon –

- Council Staff (which, for the purpose of this Policy includes Contractors, Consultants and Agents whilst engaged by Council).
- Councillors to the extent to which it applies to the role and responsibility of Councillors.

2 Principles

The following principles, collectively provide guidance to Council Staff in procurement activities irrespective of the complexity and dollar amount.

2.1 Value for Money

The principle of value for money is based on obtaining the best price for goods, services and works that meet Council’s quality standards and cost constraints. Value for money is also based upon minimising the total cost of ownership over the lifetime of the goods, services and works. Council Staff are not obliged to accept the lowest price.

The principle of Value for Money is further defined under section 3.

2.2 Fair Competition

The principle of fair competition is that all prospective suppliers are treated (and seen to be treated), equally and fairly in an open and transparent manner without any bias (or perception of bias).

Council Staff shall provide prospective suppliers with the same information, timeframes, opportunities and consideration during a procurement process.

2.3 Accountability

The principle of accountability is based on a consistent approach to procurement in accordance with state government legislation and this Policy.

Council Staff shall ensure that processes are followed, internal controls are applied, and transactions are documented and authorised in accordance with Council’s Delegations.

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Council Staff shall perform procurement activities in a manner that is able to withstand the closest possible scrutiny. The test of accountability is that an independent third party must be able to see clearly that the appropriate procurement process has been followed and that the process has been fair and equitable.

Council Staff shall ensure that, if and when required, they are able to –

- account for and explain all Procurement decisions made;
- provide feedback to suppliers who submitted a quote or tender; and
- provide an audit trail for monitoring and reporting purposes.

2.4 Probity

The principle of probity means that the highest standards of honesty and integrity shall be observed. In practice this means that procurement is conducted in an ethical manner that demonstrates a commitment to commercial confidentiality and public interest. The importance of this principle cannot be underestimated as it is the foundation upon which value for money; fair competition and accountability are based.

Council Staff shall deal with all potential and existing suppliers in a professional, honest and impartial manner and shall not seek or accept personal gain.

2.5 Environmentally Responsible Procurement

The principle of environmentally responsible procurement means that Council Staff will endeavour to procure goods, services and works, which minimise environmental impact over their life cycle. The aim is to –

- Reduce waste to landfill by purchasing goods which include recycled content and/or are recyclable.
- Avoid or minimise the use of hazardous materials and chemicals.
- Reduce greenhouse gas emissions by purchasing goods which have been manufactured using renewable energy.
- Reduce water consumption by purchasing construction and maintenance works which manage the use of water responsibly.

Councils tendering process provides further guidance on the requirements regarding the assessment of environmental impact.

Further details on Councils environmental principles can be found in the Macedon Ranges Shire Council Environment Strategy.

2.6 Socially Responsible Procurement

The principle of socially responsible procurement means that Council Staff will endeavour to procure goods, services and works, which support (a) the Goals and Objectives in the Council Plan, (b) ethical and fair trade (c) local employment and (d) social enterprises.

2.7 Managing Risk

The principle of managing risk means that procurement shall be planned and carried out in a manner that will protect and enhance (a) Workplace Health and Safety and (b) the capacity

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and capability to prevent, withstand and recover from failure to supply or interruption to the supply of goods, services and works.

Furthermore, when Section 186 of the Act is applicable, Council Staff shall apply, the Risk Management Process (found under section 6 of the Risk Management Framework 2017) to the extent that it is appropriate to do so.

2.8 Confidential Information

The principle of Confidential Information means that information about the Suppliers competitive advantage or disadvantage shall not be disclosed.

Councillors and Council Staff shall –

- avoid references to current or proposed contracts in discussions with outside acquaintances or interests; and
- not release or discuss information provided in tenders and quotes or any other pre-contract information including information provided during tender evaluation and in pre-contract negotiations.

2.9 Conflict of Interest

A conflict of interest arises when a Staff member or a member of their immediate family has a private association or relationship (be it a direct or indirect interest) with a Supplier that supplies or intends to supply goods, services or works.

Council Staff should be cognisant of perceived conflicts of interest.

When a conflict of interest arises, the Staff member shall declare the Conflict of Interest and shall complete a Conflict of Interest Declaration Statement (available on the Intranet).

When a Staff member completes a Conflict of Interest Declaration Statement, the Staff member shall not –

- Participate in any action or matter associated with the arrangement of a contract, such as specification, evaluation, negotiation, recommendation or approval.
- Perform any works or supply any goods or provide any services under any contracts that they supervise.

Engaging Council staff or former staff to perform services or supply goods to Council outside of their employment agreement creates the potential for a conflict of interest or a perceived conflict of interest. As a general principle Council staff should not be engaged as a supplier, however, there may on occasions be exceptional circumstances. Any identified or planned use of staff to perform services or supply goods outside of their employment agreement must be referred to the Manager Finance for consideration.

For further information on Conflicts of Interest staff should refer to the Macedon ranges Shire Council Staff Code of Conduct and the Victorian Governments Conflict of Interest - A Guide for Council Staff.

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Where a staff member fails to declare a conflict of interest, they may be subject to disciplinary action as outlined within the Staff Code of Conduct.

2.10 Supplier Code of Conduct

A Supplier Code of Conduct (Code) sets out the standards of behaviour that a supplier agrees to adhere to when under contract with Council. Council will be introducing a Supplier Code of Conduct over the 2020/21 financial year. The Code will apply to all suppliers and will be included on Councils Web Site.

3 Value for Money

3.1 Achieving Value for Money

Procurement activities shall be carried out on the basis of achieving Value for Money. This principle will be accomplished by –

- effective use of competition;
- working with suppliers to deliver products that meet the needs of Council;
- improving procurement processes;
- managing procurement processes that support the co-ordination and streamlining of activities throughout the Organisation; and
- providing regular procurement reporting to the CEO and Directors.

3.2 Role of Specifications

Specifications shall support and contribute to the Value for Money principle by being written in an impartial manner that –

- avoids over-specifying inputs;
- avoids unnecessarily stringent conditions and requirements;
- seeks quality assurance;
- seeks environmental benefit or advantage;
- encourages innovative outcomes;
- encourages sustainable solutions;
- encourages the use of normal and common products; and
- encourages local employment growth and retention.

3.3 Evaluation Criteria (also known as selection criteria)

The Act does not prescribe the tender evaluation method and criteria to be used; however, two obligations are placed on Council by Section 186 of the Act as follows:

(4) Nothing in this section requires Council to accept the lowest tender or to accept any tender.

(6) Wherever practicable, Council must give effective and substantial preference to contracts for the purchase of goods, machinery or material manufactured or produced in Australia or New Zealand.

The tender evaluation method and criteria is at Council's discretion. Council has adopted eight mandatory tender evaluation criteria as follows –

- Price
- Relevant Experience
- Methodology

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- Compliance to the Specification
- Environmental Benefit

Pass / Fail Criteria

- Workplace Health and Safety
- Risk and Insurance
- Conflict of Interest

The application of weighting for these mandatory criteria in the evaluation process will be at the discretion of the tender panel, based on the requirements of the sought after works, goods or services.

In addition to the mandatory evaluation criteria Council Staff may include additional evaluation criteria (from a discretionary list of criteria) that are appropriate and reflect the requirements of the particular contract. The discretionary criteria include:

- Australia and New Zealand Content
- Financial Viability
- Current Resources and Capacity
- Past Performance
- Technical Skills
- Management Skills and Systems
- Customer Service
- Industrial Relations
- Quality Systems
- Local Employment
- Compliance to Conditions of the Contract.

The way in which the collected vendor information is used to make the evaluation decision will be at the discretion of the evaluation panel, and the determined evaluation matrix.

3.4 Preferred Supplier Panels

Council recognises the importance of effective and open working relationships with its suppliers and is committed to maintaining Preferred Supplier Panels, which provide Council with efficiency, transparency, compliance and potential savings in quote-based procurement from preferred suppliers.

Contactors are appointed to a "Preferred Supplier Panel" after successfully participating in a tender process and being assessed as compliant with requirements. Whilst a panel provides benefits in the procurement process, staff should still consider the specific works and goods or services being sought and confirm the approach is going to get the best value outcome.

Prior to the conclusion of the tender evaluation process to appoint a supply panel, an assessment will be made to determine the level of local business representation on the supplier panel. Where the local business representation is less than 25%, consideration will be given to adding local businesses to the finally approved supply panel on the following grounds:

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- Additional suitably qualified local business exist and were eligible to be considered as part of the tender evaluation process to select the supplier panel.
- Their tender submissions to be on the supplier panel were compliant and met Councils Pass/Fail criteria.
- The order of adding any additional local suppliers to the panel to achieve the minimum 25% representation of local suppliers is done on the basis of the relative scoring that occurred in the evaluation process to appoint the supplier panel.
- Additional local suppliers will not be added to the supplier panel to achieve a minimum 25% representation where the local supplier has a documented record of non-satisfactory performance.

Council staff may obtain quotes by contacting preferred suppliers and inviting them to provide a quote to supply goods, services or works, within the requirements of section 5.5 of this policy which outlines requirements regarding the number of and formats of quotations. Whichever supplier provides the best value for money quote shall be accepted.

Preferred Supplier Panels should not be supplemented with additional non-panel providers when a public tender process is triggered, as such an approach will constitute a selective tender and be non-complaint. If additional suppliers outside of a Panel are required, the process should immediately become a public tender for expenditure above thresholds under the Act.

Notably, once a preferred supplier panel is appointed, not all preferred suppliers on the panel need to be sought for quotations. At a minimum, the number required quotations consistent with section 5.5 of this policy, should be sought. In seeking quotes from a preferred supplier panel, officers should seek quotations from all suppliers on the panel throughout the life of the arrangement, noting that being on the panel does not create any obligation from Council that the supplier will be selected.

Currently, Council uses a secure internet based system known as “VendorPanel”. For access to VendorPanel please contact the Contracts Co-ordinator. For the purpose of engaging a supplier on a Panel, it is mandatory for staff to use VendorPanel for all procurement over \$1000.

4 Support of Local Business

The Local Government Act states that the primary objective of a council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions. In seeking to achieve its primary objective, a council must promote the social, economic and environmental viability and sustainability of the municipal district.

Furthermore support of local business aligns to the “Council Plan” which has as one of its key priorities - “Enhance the social and economic environment”.

The principle of supporting local business means that, in terms of procurement, Council is prepared to consider paying more for goods, services and works from a local business rather than a non-local business provided that –

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- the price is no more than 10% higher than the lowest price; and
- the price difference does not exceed \$10,000; and
- the evaluation reveals that the local business's goods, services or works are of equal or better quality than the lowest priced quote/tender from a non-local business.

As outlined in section 3.4, consideration is also given to local businesses when supplier panels are appointed.

5. Governance

5.1 Financial Delegations

Delegations define the limitations within which Council Staff are permitted to make decisions.

Council maintains Financial Delegations to ensure accountability and traceability in all procurement decisions. The Financial Delegations also mean that procurement may be conducted in an efficient and timely manner and thus avoids suppliers having to wait unreasonable periods of time for a decision and payment.

Delegated authority is determined by the monetary value. Council's Financial Delegations are shown in Appendix 1. The Financial Delegations authorise specified Council Staff to accept a quote or tender, award a contract, approve a purchase order and authorise a payment without prior referral to Council.

If the value of the contract exceeds the Chief Executive Officers delegated level, then, unless Council specifically delegates authority by resolution, an evaluation report including a recommendation shall be submitted to a Council meeting for a decision.

At its meeting on 25 March 1998 Council resolved that a public report be presented on a monthly basis to give Council the opportunity (upon resolution of Council) to revoke the delegated authority to award a contract in any instance where Council deems it appropriate.

Furthermore, a confidential report that summarises the status of tenders from specification stage to contract awarded stage is regularly issued to all Councillors. The report is confidential because it provides estimates of the expected value of the contracts (prior to tenders being invited). The report also indicates whether or not delegated authority to award the contract is expected to exist.

5.2 Responsible Financial Management

Responsible financial management shall be applied to all procurement activities. Accordingly, the availability of existing funds within an approved budget, or source of funds, shall be established prior to commencing the procurement process.

Council Staff shall not authorise the expenditure of funds in excess of their Financial Delegations.

Every attempt shall be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this Policy.

5.3 Procurement above the public tendering threshold

Section 186 of the Act requires all Victorian councils to give public notice and conduct a tender process before entering into contracts for the purchase of goods and services or for carrying out of works with a value (including GST) that exceeds the following amounts –

- \$150,000 for purchase of goods and services; and
- \$200,000 for carrying out of works.

These financial expenditure levels are set by an order in Council fixing the value of contracts which came into operation on 5 August 2008 - as published in the Government Gazette on 7 August 2008.

Public Tendering under section 186 of the Act shall be undertaken in accordance with Council's Public Tendering Process 2019.

In some situations, the requirements for councils to carry out a public tender or expression of interest for contracts valued at or over \$150,000 (for goods or services) or \$200,000 (for works) does not apply.

These include when:

- the council resolves that the contract must be entered into because of an emergency
- a council is acting as an agent for a group of councils and has carried out a public tender or expression of interest process on their behalf
- the Minister for Local Government has approved the arrangement prior to the council entering into the contract
- the contract is for legal services (which are exempt under the Local Government (General) Regulations 2015).

In accordance with section 186(5)(c) of the Act, Council does not have to give public notice and conduct a tender process if it enters a contract available to it under an arrangement approved by the Minister for Local Government. Such arrangements include the –

- Municipal Association of Victoria (MAV) Procurement;
- Procurement Australia;
- Construction Suppliers Register;
- State Purchase Contracts; and
- Whole of Victorian Government Contracts.

The Minister for Local Government can also (upon application) grant exemptions to the Public Tendering Requirements. The Minister's power to grant approval to councils is discretionary, and the Minister must be satisfied that there are sound reasons to do so and value for money will be achieved through the proposed arrangement.

LGV has developed an application form to assist councils seeking Ministerial Approval under section 186(5)(c) of the Local Government Act 1989. The application form is designed to assist in the timely assessment of an application by ensuring that all key information is provided from the outset.

Further information is available at:

<https://www.localgovernment.vic.gov.au/strengthening-councils/procurement>

5.4 Cumulative Expenditure

For the purposes of section 186 of the Act, any cumulative expenditure with a single supplier which, over two financial years exceeds or is expected to exceed –

- \$150,000 (including GST) on the purchase of goods and services; and/or
- \$200,000 (including GST) on the carrying out of works;

shall be subject to a public tendering process.

5.5 Procurement below the public tendering threshold

Procurement below the public tendering process (which is an open process) is considered to be selective tendering in that suppliers will be selected to provide quotes. The following procurement thresholds guide procurement requirements for selective tendering.

All of the values referred to in the procurement thresholds include GST.

5.5.1. Value of \$1,000 to \$5000

- A minimum of two verbal quotes shall be obtained.
- One quote should be sought from a local business if the goods, services or works are available locally.
- Details of the suppliers contacted, and the quotes received shall be recorded and retained (refer section 6.3).
- If the lowest price is not accepted, the reasons shall be recorded and retained.
- If quotes are sought through VendorPanel then reference to the VendorPanel Number along with an attached copy of the panel rates is required on the Purchase Order.

5.5.2. Value of \$5,001 to \$50,000

- A minimum of two written quotes shall be obtained.
- One of the quotes shall be sought from a local business if the goods, services or works are available locally.
- Details of the suppliers contacted and the quotes received shall be recorded and retained (refer section 6.3).
- If the lowest price is not accepted, the reasons shall be recorded and retained.
- If quotes are sought through VendorPanel then reference to the VendorPanel Number along with an attached copy of the panel rates is required on the Purchase Order.

5.5.3. Value of \$50,001 to \$150,000 for goods and services or value of \$50,001 to \$200,000 for carrying out of works.

- A contract number shall be obtained from the Contract Management System and a minimum of three written quotes shall be obtained.
- At least one of the quotes shall be sought from a local business if the goods, services and works are available locally.
- A written specification and the evaluation criteria to be used for evaluating the quotes shall be provided to all suppliers at the same time.

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- Each supplier shall be given the same closing date by which to submit their quote. Generally the timeframe would be a minimum of 10 business days.
- Details of the suppliers contacted and the quotes received shall be recorded and retained (refer section 6.3).
- If the lowest price is not accepted, the reasons shall be recorded and retained.
- If quotes are sought through VendorPanel then reference to the VendorPanel Number along with an attached copy of the panel rates is required on the Purchase Order.

Regardless of the value of expenditure being incurred, consideration should be given to the existing cumulative expenditure with a potential supplier to ensure compliance with Section 5.4 of this policy, prior to raising a purchase order for that supplier.

5.5.4. Methods of obtaining quotes

Council Staff may obtain quotes by contacting suppliers –

- directly.
- under a Preferred Supplier Panel as described in section 3.4.
- under an approved Ministerial arrangement as described in section 5.3.
- using collaborative purchasing arrangements with other councils or Victorian government bodies.

As an alternative to obtaining quotes, Council Staff may decide to publicly advertise the contract and invite tenders in accordance with Council's Public Tendering Process 2019.

5.6 Collaborative Procurement

Council will seek and encourage the development of procurement collaboration with other councils and organisations including contracts available through the Victorian State Government, the Municipal Association of Victoria, Procurement Australia (PA) and other aggregated procurement providers as applicable.

5.7 Exceptions to obtaining Quotes

The required number of quotes shall be obtained in all circumstances except for –

- At the relevant Director's discretion in accordance with section 5.7.
- Emergency response, relief or recovery including urgent medical attention.
- Performers, Facilitators, Presenters, Artists and the like.
- Plant and equipment servicing and spare parts and the like under warranty.
- Legal Services (exempt).
- Specialist knowledge and skill or sole supplier of intellectual property.
- Conferences, Seminars, Information Forums and the like.
- Training Courses, (for individual training). Group in-house training sessions are still bound to obtain quotes.
- Sole Supplier of services such as library, water and fire.
- Agency Contracts e.g. MAV, PA and State Government Contracts (Panel arrangements through these sources as per Clause 3.4 of this policy).
- Contributions to cross municipality infrastructure projects that are led by neighbouring Councils, e.g. a road upgrade that is part in the Macedon Ranges Hire and part in a neighbouring Shire.

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An exemption to obtaining quotes for expenditure (cumulative or otherwise) above the public tendering thresholds needs to follow the process outlined in Section 5.3.

5.8 Directors Discretion

In the event of –

- an unforeseen urgency; or
- a strong preference for continuity of supply; or
- goods, services or works being of such a specialised nature that there are insufficient known Suppliers from which to seek the required number of quotes –

the relevant Director may, upon receiving a written explanation from the relevant Manager, give approval to seek less than the number of quotes required by section 5.5.

It is important to note that Directors Discretion does not apply to expenditure (cumulative or otherwise) above the public tendering thresholds.

In the event of any irregularities in regard to the application of the Directors discretion, the Director Corporate Services and the relevant Director will intervene to take any corrective action required.

6. Internal Controls

Internal controls shall be maintained over the procurement process to ensure there is transparency, appropriate documentation and proper authorisation. There shall be three standard methods for purchasing goods, services and works –

- Purchase Order.
- Corporate Credit Card – for small value one-off purchases.
- Petty Cash – for purchases less than \$50. Petty cash should only be used if the options above cannot be used for a purchase.

6.1 Purchase Order

Goods, services and works shall not be purchased without agreement on price with the supplier before the purchase order is given. Where this is not possible, an estimate of the price shall be obtained from the supplier before a purchase order is given. Where this is not possible, the basis for calculating the price shall be agreed with the supplier before a purchase order is given.

Unless section 6.2 applies, a purchase order shall be completed and issued to the supplier on the same day that a commitment is made with the supplier. No commitment shall be made with a supplier until a purchase order has been completed. A purchase order is completed after a purchase requisition has been raised in Council's supply chain system (currently "Technology One"), approved by a Staff member with the appropriate financial delegation and released to the supplier.

In some circumstances, it may not be practical to complete a purchase order on the same day that a commitment is made with the Supplier. In these circumstances the purchase order shall be completed before the close of business by the second business day after the

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commitment is made with the supplier. A summary of instances of high value non-compliance with purchase order requirements will be reported to Executive consistent with Section 6.4.

Purchase orders shall be in the format prescribed by Council's Finance Manager.

The supplier shall record the purchase order number on their tax invoice.

6.2 Exceptions to raising a Purchase Order

A purchase order shall be raised in all circumstances except for –

- Water, waste water, electricity and gas to and from Council Properties;
- Usage charges for telecommunication charges;
- Salaries, wages, taxation, superannuation and other direct payroll payments;
- Fuel and fuel card costs;
- Vehicle registrations and road tolls;
- Planning Panel and Planning Scheme Amendment fees;
- Memberships and subscription renewals to professional peak bodies and journals;
- Software licence renewals such as Pathway, TechnologyOne, HPRM, GIS, Carelink, Expedite, Centaman, Microsoft, IMPS, Websense, Seamless and Trapeze;
- Emergency response and recovery for up to 2 weeks from the day of the incident;
- Grants and contributions to other organisations provided they have been included in the adopted Budget;
- Contribution to Regional Library Corporation;
- Urgent medical attention;
- Licences;
- Motor vehicle end of lease payments;
- Postage;
- Goods, services or works under contract – provided that a purchase order was raised at the time the contract was awarded;
- Items purchased using a Corporate Credit Card;
- Incidental items up to \$50 that are claimed via a petty cash reimbursements; and
- Any other purchases where an exemption is approved by the Manager Finance.

In the case of any of the circumstances where there is an exception to raise a Purchase Order, the purchase must still be in accordance with the Financial Delegations (Appendix 1).

6.3 Other Internal Controls

All Staff members involved in procurement activities shall ensure that clearly documented purchase orders and appropriate authorisations are obtained as follows:

- Documentation in relation to quotes sought, received and accepted shall be recorded by the Staff member making the purchase. All quotes obtained shall be kept as an electronic attachment to the purchase order in Council's supply chain system (currently "TechnologyOne"). Any other related information should be retained consistent with Council's record keeping requirements.
- For audit purposes reasons for quotation exemption on purchase orders requiring quotes in accordance with section 5.5 but are exempted in accordance with section 5.6 must be attached to the purchase order in Technology One.

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- Tenders shall be kept on the contract file in the records management system (currently “RM8”).
- Two Staff members from within the Department shall be involved in each procurement process – that is, one Staff member within the Department shall raise the purchase order and another Staff member from within the Department shall approve the purchase order within their delegated authority.
- When there is a variation to a purchase order the total expenditure to be committed on that order must be considered when determining who will approve the variation in terms of the required delegation, i.e. the delegation is based on the total expenditure not the variation on its own. For example if an initial purchase order was approved for \$45,000 and a variation of \$10,000 was required, then the delegation for the approval is based on \$55,000.
- Any variation should be completed on the original purchase order.
- Raising a purchase order may be done by any Staff member within the Department; however, the purchase order shall be approved by the Staff member with the appropriate level of delegation as outlined in Appendix 1.

6.4 Compliance Checking and Reporting

The Director Corporate Services is responsible for reviewing compliance with the Policy supported by the Manager Finance and Contracts Coordinator. A report of policy compliance and supplier expenditure will be provided to the Council Executive on at least a quarterly basis by the Manager Finance.

Policy Breaches

If a breach of the tendering (section 5.3) and cumulative spend thresholds (section 5.4) is identified, a comprehensive investigation will be undertaken.

Any breaches of the tendering and cumulative spend thresholds will be reported to the Audit Committee, Council and disclosed in the annual report.

6.5 Payment Terms and Conditions

- Payments shall not be made in advance of works being completed or goods being received. This excludes training, software maintenance and deposits of 50% or less up to \$10,000.
- Payment terms shall be 30 days from the receipt of the invoice.
- Suppliers shall include the purchase order number on their invoice.
- Payment will be in Australian dollars, to a valid Australian bank account via EFT.

Any exceptions to the above must be approved by the Manager Finance. Officers are encouraged to negotiate the payment of amounts in advance to suppliers prior to seeking approval for an exception. For non-contract suppliers requesting payment in advance of \$5,000 or more, a credit rating assessment must be undertaken prior to approval being given by the Manager Finance. The cost of the assessment will be borne by the Department making the purchase.

6.6 Training

All new staff with duties that involve the purchasing of goods and services will undertake procurement training when they commence employment. In order to ensure existing staff are

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up-to-date with the latest requirements of this policy they should participate in refresher training every two years. Staff that breach the policy will be required to undertake refresher training immediately and may be subject to disciplinary action.

7. Other

The Policy is complemented by internal processes and procedures that already exist to provide instructions to Council Staff including specification preparation, conditions of tendering, tender evaluation criteria, purchase orders, contractor induction, contract supervision, terms of payment and payment approvals.

These internal processes and procedures shall be followed by Council Staff involved in procurement activities.

Council has dedicated two positions to procurement. They are the Team Leader Purchasing and Accounts Payable and the Contracts Coordinator. These two positions are responsible for providing advice, guidance, and instructions to Council Staff.

APPENDIX 1 – Financial Delegations

Financial Delegations permit the Council Staff specified below to accept a quote or tender, award a contract, approve a purchase order and authorise a payment without prior referral to Council – subject to the conditions below.

Delegated Level (including GST)	Group	Delegate	Conditions
Up to \$1,000,000	Group A	CEO	<p>1. In the case of a project, the expenditure shall be in accordance with approved budget allocation for the project and if the expenditure exceeds the project budget by 5% or more, then a written request shall be prepared for, and written approval shall be obtained from, the relevant Manager, Director or CEO (as appropriate).</p> <p>2. If any purchase will exceed the level of delegation granted to the CEO then a report and recommendation shall be prepared by the relevant Manager or Director for Council's consideration.</p> <p>3. Expenditure shall be in accordance with the restrictions imposed by Council's Procurement Policy or section 186 of the Local Government Act.</p> <p>4. If the expenditure needs to be publicly tendered (as required by section 186 of the Local Government Act or the Procurement Policy) the tendering process shall be undertaken in accordance with Council's Public Tendering Process 2016.</p> <p>5. IT hardware and software purchases shall be discussed with and shall receive prior approval from the Manager Information and Communications before a purchase order is raised.</p>
Up to \$200,000	Group B	Director	
Up to \$50,000	Group C	Manager	
Up to \$15,000	Group D	Team Leaders, Supervisors and Coordinators that report directly to a Manager or Director. Research & Policy Development Officer	
Up to \$5,000	Group E	Arborist. Asset Management Analyst. Building Projects Officer. Conservation Planner. Environmental Resource Officer. Executive Assistants. Finance Officer (Banking and Receipting). Fire Prevention Officer. Fleet Administrator. Hanging Rock Ranger. Human Resource Officer. Leisure and Aquatic Centre Coordinators. Mechanic. Risk/OHS Officer. Store Person. Strategic Planners. Team Leaders, Supervisors and Coordinators, who do NOT report directly to a Manager or Director.	

Procurement in excess of \$1M shall be approved by Council. The CEO and Director Corporate Services shall have (TechnologyOne) system delegation up to \$20M to authorise purchase orders and payments, which are over \$1M, which have either been approved by Council or are payments required to be made to meet legislative obligations.