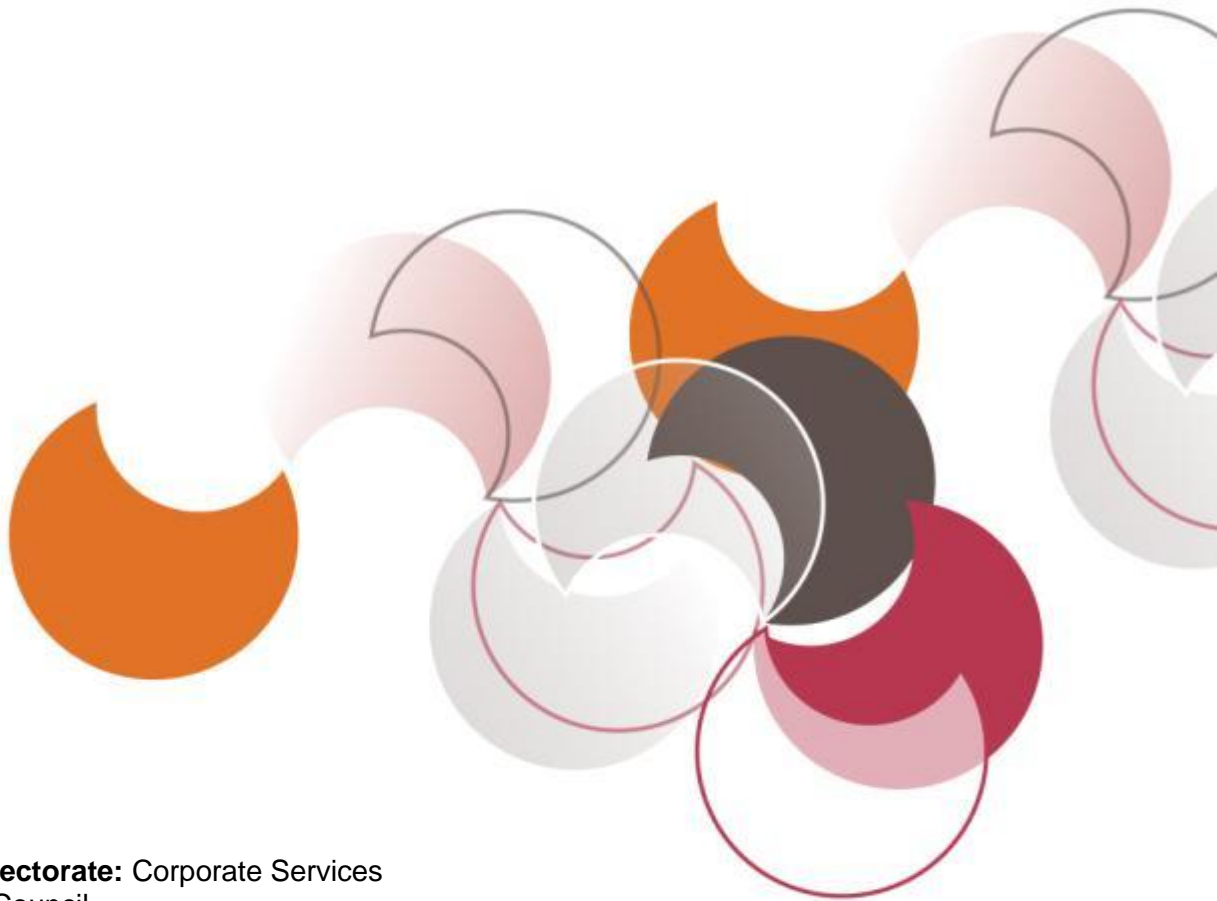


Procurement Policy

28 November 2011



Responsible Directorate: Corporate Services

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Table of Contents

FOREWORD

1	PRINCIPLES	1
1.1	<i>Background.....</i>	1
1.2	<i>Scope.....</i>	2
1.3	<i>Purpose.....</i>	2
1.4	<i>Treatment of GST.....</i>	3
1.5	<i>Definitions and abbreviations.....</i>	3
2	EFFECTIVE LEGISLATIVE AND POLICY COMPLIANCE AND CONTROL	4
2.1	<i>Ethics and probity.....</i>	4
2.1.1	Requirement.....	4
2.1.2	Conduct of Councillors and Council staff	4
2.1.2.1	General.....	4
2.1.2.2	Members of professional bodies	5
2.1.3	Procurement processes.....	5
2.1.4	Probity practitioners.....	5
2.1.5	Conflict of interest.....	5
2.1.6	Openness and fairness.....	6
2.1.7	Accountability and transparency.....	6
2.1.8	Gifts and hospitality	6
2.1.9	Disclosure of information	6
2.2	<i>Governance.....</i>	7
2.2.1	Structure.....	7
2.2.2	Standards.....	7
2.2.3	Methods	8
2.2.4	Responsible financial management.....	8
2.2.5	Council staff responsibilities	9
2.3	<i>Procurement processes and thresholds</i>	9
2.3.1	Process	9
2.3.1.1	Best Value	10
2.3.1.2	Probity	10
2.3.1.3	Accountability and transparency	10
2.3.1.4	Risk management.....	10
2.3.2	Minimum spend thresholds.....	10
2.3.2.1	Publicly advertised procurements	10
2.3.2.2	Other procurements.....	11
2.4	<i>Leased assets</i>	13



2.5	<i>Procurement authority</i>	13
2.5.1	Requirement.....	13
2.5.2	Procurement authority limits	13
2.5.3	Delegations to CEO and EMG	14
2.5.4	Procurement authority statements	14
2.6	<i>Internal controls</i>	14
2.7	<i>Commercial information</i>	14
2.8	<i>Risk management</i>	15
2.8.1	General	15
2.8.2	Supply by contract.....	15
2.8.3	Health and safety considerations.....	15
2.9	<i>Contract terms</i>	16
2.10	<i>Endorsement</i>	16
2.11	<i>Dispute resolution</i>	16
2.12	<i>Contract management</i>	16
3	DEMONSTRATE VALUE	17
3.1	<i>Integration with Council strategy</i>	17
3.2	<i>Achieving Best Value</i>	17
3.2.1	Requirement.....	17
3.2.2	Approach.....	17
3.2.3	Role of specifications.....	18
3.3	<i>Performance measures and continuous improvement</i>	18
3.4	<i>Corporate social responsibility</i>	18
3.5	<i>Social procurement</i>	19
3.6	<i>Sustainability</i>	19
3.6.1	General	19
3.6.2	Environmentally sustainable procurement	19
3.7	<i>Diversity</i>	21
3.8	<i>Support of local business</i>	21
4	CONTINUAL IMPROVEMENT	21
5	POLICY RESPONSIBLE OFFICER AND CONTACT DETAILS	21



Foreword

In November 2008, amendments to the Local Government Act 1989 were passed which included a new section s186a that required a council to “prepare and approve a procurement policy. A procurement policy must include any prescribed matter and a council must have regard to Ministerial Guidelines made under the section when preparing its policy. A council must review its procurement policy annually and make it available for public inspection.”

In response to the legislative amendments, the Municipal Association of Victoria (MAV) through its services arm, MAV Procurement, conducted workshops in 2009 which were facilitated by Landell Consulting Pty Ltd. As a result of these workshops MAV developed a model procurement policy in June 2009 for use by council members. In 2011 MAV Procurement surveyed councils to obtain feedback on the 2009 model procurement policy and an independent consultant was engaged by MAV to update the policy.

This City of Boroondara Procurement Policy is based on the August 2011 MAV model procurement policy.



NOTE: This Procurement Policy replaces the earlier Procurement Policy adopted by Council on 22 November 2010.

1 PRINCIPLES

1.1 Background

Boroondara City Council ("Council"):

- recognises that:
 - developing a procurement strategy 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 sustainable and social procurement; bottom-line cost savings, supporting local economies; achieving innovation; and better services for communities.
 - 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 procurement authorisation limits (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.
- Council's contracting, purchasing and contract management activities endeavour to:
 - 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;
 - 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 procurement processes to reduce activity cost; and
 - support business in the local community.



1.2 Scope

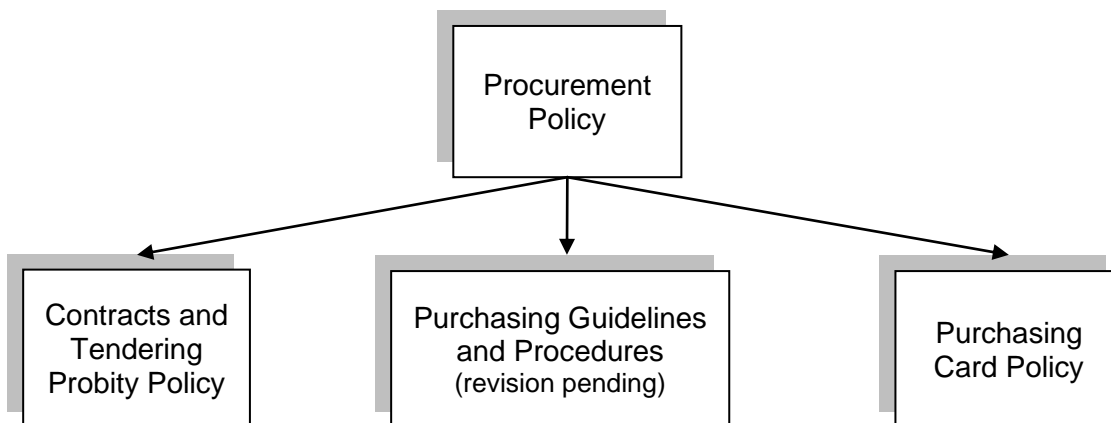
This Procurement Policy is made under section 186a of the Local Government Act 1989.

This section of the Local Government 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 is an overarching policy that applies to all contracting and procurement activities at Council and is binding upon Councillors, Council officers and temporary employees, contractors and consultants while engaged by Council.

Under this Policy fall a number of other subordinate Council policies that provided further specific detail relevant to their area. In particular, the following hierarchy of policies should be noted where the:

- Contracts and Tendering Probity Policy provides guidance in respect of procurements that are considered high risk or which must be publicly tendered in accordance with section 186 (1) of the Local Government Act 1989;
- Purchasing Guidelines and Procedures provides guidance and general procedures for the raising of purchase orders etc; and
- Purchasing Card Policy provides guidance on the issue and use of purchasing cards by Council staff.



In addition to the above policies, a procedural Contract Management Manual is also available to assist Council staff in the administration and management of contracts and to ensure a consistent approach across Council to these activities.

Copies of policies and manuals are available on Council's Intranet.

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 right outcome when purchasing goods and services or undertaking works.

1.4 Treatment of GST

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

1.5 Definitions and abbreviations

Term	Definition
Best Value	Best Value or 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: <ul style="list-style-type: none"> • contribution to the advancement of Council’s priorities and objectives; • non-cost factors such as fitness for purpose, quality, social and environmental impacts, 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.
Commercial in Confidence	Information that, if released, may prejudice the business dealings of a party e.g., prices, discounts, rebates, profits, methodologies and process information, etc.
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.
EMG	Council’s Executive Management Group
External procurement consultant	An expert from outside Council who has been engaged to provide advice or assistance on a particular procurement and may include consultants with technical or other specialist expertise/knowledge, probity practitioners etc.



Term	Definition
Probity	The dictionary definition of probity refers to uprightness, honesty, and integrity. Within government, the word "probity" is often used in a general sense to mean "good process" or "good governance". 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 are required to ensure ethical and responsible conduct and to maintain transparency. They also need to consider the legitimate interests of suppliers and ensure that all potential suppliers are treated fairly and equitably.
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
Tender or quotation process	The generic process of inviting parties to submit a proposal, followed by the evaluation of submissions and selection of a successful respondent. Council's invitation to parties may include a simple quotation request or a more formal request for expressions of interest or tenders.

2 EFFECTIVE LEGISLATIVE 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 Council staff

2.1.2.1 General

Councillors and Council staff shall at all times conduct themselves in accordance with the Councillors Code of Conduct and the Code of Conduct for Staff, and in ways that are, and are seen to be, ethical and of the highest integrity and will:

- ensure fair, equitable, and unbiased treatment of all parties including potential and existing suppliers;
- use consistent and transparent processes;
- not seek or receive personal gain;
- maintain confidentiality of Commercial in Confidence information such as contract prices and other sensitive information;



- present the highest standards of professionalism and probity;
- deal with suppliers in an honest and impartial manner that does not allow conflicts of interest;
- provide all suppliers with the same information and equal opportunity;
- be able to account for all decisions and provide feedback on them so that all decisions are understood and can be subsequently justified;
- ensure their actions embody the principles of sound financial and risk management; and
- comply with all legal and policy requirements.

Council staff who are 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 Procurement processes

All procurement processes shall be conducted in accordance with the requirements of this Policy and any associated policies, procedures, relevant legislation, relevant Australian Standards and the Local Government Act.

2.1.4 Probity practitioners

There may be circumstances where the use of an external probity practitioner would be appropriate. The decision as to the need for an external probity practitioner would normally be the responsibility of the relevant Department Manager in consultation with the Manager Financial Services and be based on factors including:

- complexity of the procurement project;
- where the risk associated with the procurement process is considered very high;
- where the procurement project has the potential for risk to Council's reputation; or
- the specialist nature of any potential issues.

Where a decision is made to appoint an external probity practitioner it is recommended that the appointment be made as early as possible in the procurement process and a probity plan should be prepared and in place before the procurement is commenced.

2.1.5 Conflict of interest

Councillors, Council staff and any external procurement consultants shall at all times act in compliance with the conflict of interest requirements in the Local Government Act and the guidelines available from Local Government Victoria.



In particular, Councillors, Council staff and any external procurement consultants shall:

- avoid situations in which private interests conflict, or might reasonably be thought to conflict, or have the potential to conflict, with their Council duties;
- not participate in any action or matter associated with the arrangement of a contract (i.e., evaluation, negotiation, recommendation, or approval), where that person or any member of their immediate family has a significant interest, or holds a position of influence or power in a business tendering or quoting for Council work; and
- note that the onus is on the individual involved being alert to and promptly declaring an actual or potential conflict of interest to Council.

2.1.6 Openness and fairness

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.

2.1.7 Accountability and transparency

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

Therefore 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 and all procurement activities are to provide for an audit trail for monitoring and reporting purposes.

2.1.8 Gifts and hospitality


Councillors and Council staff must at all times act in accordance with relevant policies, guidelines, laws etc regarding gifts and hospitality.

One of the underlining principles of Council's Gift and Hospitality Policy is that no member of Council staff shall seek or accept substantial favours or gifts from anyone who could benefit by inappropriate influence.

2.1.9 Disclosure of information

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

Councillors and Council staff are to protect information disclosed by organisations by refusing to release or discuss the following:

- 
- any information that is Commercial in Confidence information; and
 - pre-contract information including but not limited to information provided in tenders and quotations 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.

Discussion with potential suppliers during tender or quotation 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 authorised pre-contract negotiations.

2.2 Governance

2.2.1 Structure


Council shall:

- establish a procurement management responsibility structure and a system of procurement authorisation limits ensuring accountability, traceability and auditability of all procurement decisions made over the lifecycle of all goods, services and works purchased by Council;
- ensure that 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 or quote; and
 - encourages competition.

2.2.2 Standards

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

- the Local Government Act;
- Council's policies such as but not limited to the this Procurement Policy, the Purchasing Card Policy and Contracts and Tendering Probity Policy;
- Council's procedures such as but not limited to the Purchasing Guidelines and Procedures and Contract Management Manual;
- Council's codes of behaviour such as but not limited to the Code of Conduct, Code of Ethics and Gifts and Hospitality policies;
- Local Government Procurement Best Practice Guidelines; and

- 
- other legislative requirements such as but not limited to the Competition and Consumer Act, Goods Act, Charter of Human Rights and Responsibilities Act, and the Environmental Protection Act.

2.2.3 Methods

Council's standard methods for purchasing goods, services and works shall be by some or all of the following methods:

- purchasing card;
- purchase order following a tender or quotation process from suppliers for goods or services that represent best value for money under directed procurement thresholds;
- under contract following a tender or quotation process;
- using aggregated purchasing arrangements with other councils, Victorian State Government (e.g. State Purchase Contracts, Whole-of-Government contracts etc), Procurement Australia, MAV Procurement, or other bodies; or
- other arrangements authorised by Council or the Chief Executive Officer (CEO) on a needs basis as required by abnormal circumstances such as emergencies.

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

For example, a multi-stage procurement process would typically commence with an expression of interest stage followed by a tender process involving the organisations selected as a consequence of the expression of interest stage.

Expressions of Interest (EOI) 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 formal tender processes such issues as whether those suppliers likely to tender 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).

2.2.4 Responsible financial management

The principle of responsible financial management shall be applied to all procurement activities.



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

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

Council seeks to improve its performance by capturing and analysing procurement financial information with an aim to:

- reduce transaction costs;
- make processes more efficient;
- improve management information and visibility of spend;
- increase control and consistency of processes; and
- improve spend compliance.

2.2.5 Council staff responsibilities

Council staff must be aware of their role in ensuring that the principle of responsible financial management is maintained in their own procurement activities. For example,

- Council staff must not authorise the expenditure of funds in excess of their procurement authority;
- Council staff must not authorise or write multiple purchase orders to avoid the authorisation process requirements or their procurement authority;
- Council staff must not approve expenditure that relates to them personally and expenditure of this nature must be referred to the next higher level of authority for approval;
- Council staff must ensure that any purchase orders are generated at the point where the commitment to purchase goods, services or works has been made i.e. a purchase order must be raised in Council's Finance system when the goods, services or works are ordered and not when the invoice is received; and
- expenditure must be recorded in a timely manner i.e. once the services or works have been completed, or the goods have been received, the appropriate Council officer must ensure that the correct amount is delivered against the relevant purchase order in Council's Finance system.

2.3 Procurement processes and thresholds

2.3.1 Process

Council's procurement processes shall be based on a number of principles as follows:



2.3.1.1 Best Value

The benefits of the procurement are weighed against the costs necessary for the optimum result for Council and the local community. Council is not required to accept the lowest tender but is required to take into account issues of quality, cost, accessibility of the service and other factors relevant to both the overall objectives and the Local Government Act.

Best Value does not mean the lowest price. In terms of the contracting process, Best Value requires Council to balance quality and price with as much transparency as is reasonably achievable. In this context price should take into account the whole life cost of the provision as far as is practicable. It follows that the delivery of Best Value is dependent on Council's priorities.

Achieving Best Value also requires challenging the need for the procurement and the way in which the service may be reconfigured to achieve improvements in service delivery, comparing service provision options against all those available, consulting with key stakeholders and ensuring competition in the open market.

Achieving Best Value or value for money shall be the basis of all procurement decisions within Council.

2.3.1.2 Probity

All Council procurement processes shall be conducted in a fair, honest, open manner with the highest levels of integrity and in the public interest. All suppliers are to be treated fairly in an open and transparent manner (refer also section 2.1.6).

2.3.1.3 Accountability and transparency

All Council procurement decisions must be justifiable and Council shall be able to demonstrate that a fair, reasonable and transparent process has been followed (refer also section 2.1.7).

2.3.1.4 Risk management

Council shall have in place consistent strategies for managing risks associated with all procurement processes.

2.3.2 Minimum spend thresholds

Guidelines will be determined from time to time for minimum spend thresholds associated with Council's procurement activities. These will be decided by analysing the historical size and complexity of the procurement activity and of proposed procurement activities.

2.3.2.1 Publicly advertised procurements

Purchase of all goods and services for which the estimated expenditure is \$150,000 or more, and building and construction works for which the estimated expenditure is \$200,000 or more, must be undertaken by public tender as per the thresholds contained in the Local Government Act. The above thresholds are effective as at 5 August 2008 but may be varied by the Minister at any time. These thresholds must represent the estimated value of the whole of term of the contract i.e. the initial term plus any options to extend the initial contract term, and are to be inclusive of GST.

The options for a procurement process compliant with the public tendering requirements contained in the Local Government Act include:

- Council running its own publicly advertised tender process;



- Council appointing an external agent to run a tender process on its behalf. Organisations such as Procurement Australia and MAV (Municipal Association of Victoria) Procurement are active in this area;
- Council accessing Victorian State Government contracts (eg. State Purchase Contracts, Whole-of-Government contracts etc) that have been made available to Local Government and which Local Government can access without the need to comply with the requirements of section 186 (1) of the Local Government Act; or
- Council accessing contracts for panels of suppliers where those panels have been put in place through a compliant tender process. These panel contracts may have been put in place through a Council run tender process, a tender process run by an external agent or be a Victorian State Government panel made available to Local Government.

When accessing panel arrangements quotations should be sought consistent with the guidelines set out in section 2.3.2.2. If a procurement exceeds the Local Government Act threshold values then, as a minimum, the quotations must be consistent with the guidelines for goods or services with a value between \$50,001 and \$149,999 or works with a value between \$50,001 and \$199,999.

However, should the nature of the requirement and the characteristics of the market be such that it is considered a public tender process would lead to a better result for Council, public tenders may also be called for purchase of goods, services and works for which the estimated expenditure is below these thresholds.

2.3.2.2 Other procurements

Purchase of goods or services having a total value of less than \$150,000, and works having a total value of less than \$200,000, may be undertaken using the following procurement methods. As above, these thresholds must represent the estimated value of the whole of term of the contract i.e. the initial term plus any options to extend the initial contract term, and are to be inclusive of GST.

- Goods, services or works with a value up to \$2,000.

Generally, low risk and low value purchases up to \$2,000 can be procured without the need for a prior written quotation.

- Goods, services or works with a value between \$2,001 and \$10,000.

A minimum of one written quotation must be obtained and the details recorded before placing an order (similar details must be recorded where more than one supplier has quoted) and be maintained in Council's Enterprise Content Management system (ECM).

- Goods, services or works with a value between \$10,001 and \$50,000.

Council will receive a minimum of three written quotations. This requirement must be met wherever practicable and can only be avoided with Manager approval and such Manager approval must be documented and recorded in Council's Enterprise Content Management system (ECM).

The quotation offering the best value for money must be confirmed by the supplier on company letterhead and the order placed with that company.



Details of all suppliers contacted and their quotations must be recorded on at least a simple spreadsheet or similar document and be maintained in Council's Enterprise Content Management system (ECM).

- Goods or services with a value between \$50,001 and \$149,999 or Works with a value between \$50,001 and \$199,999.

Council will receive a minimum of three and preferably up to five written quotations by issuing a written Request for Quotation. This requirement must be met wherever practicable and can only be avoided with Director approval and such Director approval must be documented and recorded in Council's Enterprise Content Management system (ECM).

Public advertising is not required. However, where the estimated value of the goods, services or works approaches the thresholds contained in the Local Government Act and it is reasonably foreseeable that the total value of the contract may increase due to, for example, variations, Council staff should consider running a publicly advertised process in the first instance.

Quotations returned by the nominated closing date must be evaluated and a written recommendation made in favour of the supplier offering the best value for money outcome. The written evaluation and recommendation must include details of all suppliers contacted and their quotations and must be approved and signed off by the relevant Director.

The evaluation and recommendation document including the original suppliers' quotations and the evidence of formal approval and sign-off by the relevant Director must be maintained in Council's Enterprise Content Management system (ECM).

- Public advertising.

Quotations may be advertised at the Council staff member's discretion in addition to the methods above. This may occur when a field of potential respondents hasn't been established, an innovative approach is required, the estimated value of the contract is approaching the thresholds contained in the Local Government Act or the project has broad appeal that may attract keen prices, etc.

- Insufficient quotations.

The situation may arise where insufficient quotations are received to satisfy the above requirements.

This may occasionally occur where there are few suppliers for the goods, services or works being sought or the work is highly specialised. In this case, the details of the contacted suppliers must be recorded on the spreadsheet or recommendation and an appropriate comment recorded.

The decision to proceed with the procurement despite the receipt of insufficient quotations must be approved by the Manager or Director, as appropriate, in consultation with the Manager Financial Services. As above, Manager approval is required where the estimated expenditure is between \$10,001 and \$50,000 and Director approval is required where the estimated expenditure is between \$50,001 and \$199,999. A written record of the decision and the approval must be maintained in Council's Enterprise Content Management system (ECM).



2.4 Leased assets

Council will at all times maintain a register of current leased assets. This register will be the responsibility of the Manager Financial Services.

As new asset leasing arrangements are entered into the relevant Department Manager is required to provide a list of the new assets to the Manager Financial Services including salient details of the assets and the associated lease. Further, the Department Manager must also ensure that a copy of the associated lease agreement is filed in Council's Enterprise Content Management system (ECM) to ensure that an accurate up-to-date central record of lease agreements is available at all times.

Execution of lease agreements is subject to Council's procurement authority requirements (refer section 2.5). However, the approval process for lease agreements also requires that they be signed off by the Manager Financial Services prior to execution.

2.5 Procurement authority

2.5.1 Requirement

Procurement authority refers to the limitations within which a Council officer is permitted to procure goods, services or works on behalf of Council.

The preparation, acceptance (and execution of associated documentation) of tenders, quotations, contracts, purchase orders or purchasing card transactions resulting in the expenditure of funds for the purchase of goods, services or works must only be authorised in accordance with the respective Council officer's procurement authority limit.

A Council officer should only authorise the procurement of goods, services or works where the value of the procurement is within their procurement authority limit and the officer is comfortable and familiar with the type of procurement being managed. If the procurement involves Council taking on a risk or accepting a liability that goes beyond those expressed in Council's standard contract terms and conditions, then the matter should be referred to the appropriate Manager or Director for approval and/or execution. A Council officer must not hesitate in referring the matter to their Manager or Director if the officer has any doubts or concerns about the terms of the procurement.

Council shall maintain a documented scheme of procurement authority limits identifying those Council staff authorised to make procurement commitments in respect of goods, services or works on behalf of Council and their respective expenditure commitment limits.

2.5.2 Procurement authority limits

Procurement authority limits are defined by reference to Council's Instrument of Delegation to the CEO, the CEO's instruments of sub delegation to members of Council staff, or to Procurement Authority Statements issued by the Financial Services Department in accordance with the provisions of this Policy.

Procurement authority limits enable Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency, integrity and accountability. Procurement authority limits also provide confidence to Council and the public that procurement activities are dealt with at the appropriate level.

A register of procurement authority limits will be maintained by the Financial Services Department.



2.5.3 Delegations to CEO and EMG

Council has delegated certain functions and approvals to the CEO and Council's Instrument of Delegation to the CEO includes specific limitations on the CEO's authority to approve certain purchases, tender, quotation and contractual processes without prior referral to Council.

The limitations are reflected in the CEO's sub-delegations to members of EMG and these delegations, together with this Policy, set out the procurement authority limits of the CEO and EMG.

The instruments of delegation to the CEO and EMG are reviewed regularly and updated as required.

2.5.4 Procurement authority statements

Notwithstanding section 2.5.3, authorisation to expend funds or approve expenditure (whether by purchasing card, purchase order, manual payment requisition, petty cash or otherwise) is approved by the Council staff member's respective Manager and/or Director (depending on the staff member's level in the organisation) and documented by the Financial Services Department.

Council staff, other than the CEO and EMG, who apply for access to Council's corporate purchasing system or a purchasing card, will receive a Procurement Authority Statement which clearly outlines the extent of their authority to make procurement commitments in respect of goods, services or works on behalf of Council.

2.6 Internal controls

Council will install and maintain a framework of internal controls over procurement processes, including regular internal audit review, that will ensure:

- more than one person is involved in and responsible for a transaction end to end;
- 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.

2.7 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.



2.8 Risk management

2.8.1 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.

2.8.2 Supply by contract

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

Council will minimise its risk exposure by measures such as:

- use of standard-form contracts where appropriate. Council's standard-form contracts are provided by Council's Legal Services Department. Initial enquiries regarding Council's current standard-form contracts should be directed to the Financial Services Department;
- ensuring contracts are updated where appropriate to include current, relevant clauses;
- use of or reference to relevant Australian Standards (or equivalent), where appropriate;
- referring specifications to relevant experts for review, where considered appropriate;
- evaluating and selecting contractors whose operations are aligned with Council's specified occupational health and safety standards and systems of work; and who are appropriately experienced, licensed, qualified and have the required levels of appropriate insurances (workers compensation, public liability, professional indemnity, etc);
- requiring security deposits, where appropriate;
- requiring contractual agreement before allowing the commencement of work; and
- effectively managing the contract including monitoring and enforcing performance.

2.8.3 Health and safety considerations

Council procurements shall consider associated health and safety issues and these considerations shall include the following as appropriate:

- Council's relevant policies and procedures;
- need to ensure the health and safety of employees, contractors, visitors and the public at all times during Council operations; and
- verification of health and safety documentation related to the goods, services or works to be procured. This documentation may include manufacturers' risk assessments, specified regulatory requirements, equipment service records, substance safety data sheets, and any other documentation required by Council as a result of its risk assessments in the context of Council's specific workplace requirements.



2.9 Contract terms

All contractual relationships must be documented in writing based on Council's standard terms and conditions. Council has a number of different standard-form contracts to cover different types of procurement; for example, annual supply, construction, consultancy, information technology (IT) products etc.

Where this is not possible, approval must be obtained from the appropriate member of EMG and such an approval should be supported with procurement, risk management and legal advice as relevant.

To protect the best interests of Council, terms and conditions must be settled in advance of any commitment being made with a supplier. Any exceptions to doing this expose Council to risk and thus must be authorised by the appropriate member of EMG acting in accordance with the supporting procurement, risk management and legal advice as relevant.

2.10 Endorsement

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

2.11 Dispute resolution

All Council contracts shall incorporate dispute management and alternative dispute resolution provisions to minimise the chance of disputes getting out of hand and leading to legal action.

2.12 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:

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

Contracts are to be proactively managed in accordance with the contract requirements by the member of Council staff responsible for the delivery of the contracted goods, services or works to ensure Council receives value for money.



3 DEMONSTRATE VALUE

3.1 *Integration with Council strategy*

Council's procurement strategy shall support its corporate strategy, aims and objectives, including but not limited to those related to sustainability, protection of the environment, corporate social responsibility and meeting the needs of the local community such as:

- feeling safe,
- living in a clean and pleasant environment, and
- receiving good quality and well managed Council services that are value for money

3.2 *Achieving Best Value*

3.2.1 Requirement

Council's procurement activities will be carried out on the basis of obtaining value for money consistent with acceptable quality, reliability and delivery considerations.


Lowest price is not the sole determinate of Best Value. Best Value in Council 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 and objectives;
- non-cost factors such as fitness for purpose, quality, social and environmental impacts, 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.

3.2.2 Approach

The Best Value approach 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 where appropriate;
- identifying and rectifying inefficiencies in procurement processes;
- developing cost efficient procurement processes including use of e-solutions, where appropriate;

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- Council staff responsible for providing procurement services or assistance within Council providing competent advice in terms of available products and agreements; and
 - working with suppliers to create relationships that are professional and productive, and are appropriate to the value and importance of the goods, services and works being acquired.

3.2.3 Role of specifications

Specifications used in tenders and quotations and to be incorporated into contracts are to support and contribute to Council's Best Value objectives through being written in a manner that:

- clearly describes what Council wishes to procure;
- ensures impartiality and objectivity;
- encourages the use of standard products;
- encourages sustainability;
- eliminates unnecessarily stringent requirements

3.3 Performance measures and continuous improvement

Appropriate performance measures are to be established and reporting systems will be used to monitor performance and compliance with procurement policies, procedures and controls.

Procurement procedures, practices and costs may be benchmarked externally, where appropriate. Internal service standards may also be agreed within Council where appropriate and performance against these targets measured and reviewed regularly to support continuous improvement.

The performance measurements developed will be used to:

- highlight trend and exceptions where necessary to enhance performance;
- improve the internal efficiency of the procurement process and where relevant the performance of suppliers; and
- facilitate programs to drive improvement in procurement to eliminate waste and inefficiencies across key spend categories.

3.4 Corporate social responsibility

Corporate social responsibility is about taking positive action to demonstrate Council's commitment to the local community and the environment on which it impacts. Council aims to maximise the benefits of the services it provides across the community and minimise the negative aspects of its activities.

Council integrates corporate social responsibility into its organisational policies and practices through initiatives such as social procurement, sustainability and diversity.



3.5 Social procurement

Social procurement involves using procurement processes and purchasing power to not only deliver efficient goods/services/works but also to generate positive social outcomes.

Council understands the benefits that social procurement can generate by building on initiatives already undertaken by Council in enhancing sustainable and strategic procurement practice, further enabling procurement to effectively contribute towards building stronger communities and meeting the social objectives of Council.

Further details and examples of social procurement initiatives are available in the Local Government section of the Department of Planning and Community Development website at link <http://www.dpcd.vic.gov.au/localgovernment/social-procurement>.

3.6 Sustainability

3.6.1 General

Council is committed to reducing its environmental impacts and operating in a socially and environmentally sustainable manner. To work towards this, Council will monitor and report on Council activities and programs that have an impact on, or contribute to the environment. This includes but is not limited to:

- waste management;
- recycling;
- energy management;
- emissions management;
- water conservation;
- building design; and
- environmentally preferable procurement.


3.6.2 Environmentally sustainable procurement

Council is committed to adopting a green procurement approach by supporting the principles of sustainable procurement. Council prefers to purchase environmentally preferred products whenever they achieve the same function and Best Value outcomes. Within this context Council will therefore consider the following environmental sustainability criteria:

- Reduce, reuse, and recycle
 - avoid unnecessary purchase of goods, services or works through identifying ways to carry out a function or task without using materials that generate waste (e.g. sending information via email instead of paper) and checking stores and other Departments for excess goods.



- select products that reduce the amount of materials required such as packaging and consumables.
- seek to re-use items where possible and extend the useful life of products and equipment through maintenance and repair or re-allocation.
- seek to buy recycled/part-recycled products that optimise consumption and stimulate demand for recycled products, promoting the collection and reprocessing of waste and working towards zero discharge to landfill.
- Minimise greenhouse gas emissions
 - prefer electronic products which are more energy efficient.
 - select energy and fuel efficient products.
 - in addition to operational energy efficiency, consider the energy and water requirements of a product during its production, transportation and eventual disposal.
- Minimise habitat destruction
 - purchase paper and wood products obtained from recycled, plantation, salvaged or renewable sources.
 - purchase products that reduce or eliminate the use of toxic chemicals.
- Minimise toxicity
 - purchase materials and products that reduce or eliminate toxic or polluting materials.
 - purchase products and materials that minimise or eliminate the release of toxic substances that can affect human health and pollute water, land or air at any stage of their life cycle.
- Maximise water efficiency
 - purchase products that have the best water rating for the price and conserve water or use water in an efficient way.
- Minimise soil degradation
 - purchase products, materials and services that will not degrade or pollute the soil or result in erosion through their use.
- Green the supply chain
 - develop tender, quotation and contract specifications that encourage suppliers to adopt good environmental and management practices that also respect the rights of all employees and the local community.
- Use of Fairtrade products

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- where practicable, re products which support farmers, their families and communities in developing nations in receiving more stable and secure incomes, better working conditions, and enhanced investment in quality and local environmental sustainability.

3.7 Diversity

Promoting equality through procurement can improve competition, value for money, the quality of public services, satisfaction among users, and community relations. It should be a consideration in every procurement project and reflect corporate commitment to diversity and equal opportunities wherever possible.

3.8 Support of local business

Council supports buying goods and services from local business and/or business employing Boroondara residents. In assessing Best Value to be delivered by competing competitive offerings, all else being equal, Council will support such local businesses.

Council also acknowledges its obligations under s186 (6) of the Local Government Act 1989 to, whenever practicable, give preference to contracts for the purchase of goods and services manufactured or produced in Australia or New Zealand. In assessing Best Value to be delivered by competing competitive offerings, Council will support products supplied by Australian owned enterprises.

4 CONTINUAL IMPROVEMENT

Council is committed to continuous improvement and will review this Procurement Policy both in accordance with the Local Government Act, and as necessary to ensure that it continues to meet its wider strategic objectives.

5 POLICY RESPONSIBLE OFFICER AND CONTACT DETAILS

Manager Financial Services is the designated responsible officer of this Policy. The responsible officer coordinates the implementation, maintenance and review of this Policy and ensures that stakeholders are aware of their accountabilities.

For further information or queries or feedback on this Policy, please contact the above responsible officer via email managerfinancialservices@boroondara.vic.gov.au or telephone (03) 9278 4444.