

7 Presentation of officer reports

7.1 Procurement Policy 2021-25

Abstract

The draft Procurement Policy 2021-25 ('Policy') provided at **Attachment 1** is designed to increase Council's autonomy, was developed in accordance with section 108 of the *Local Government Act 2020* ('the Act'), and must be adopted by the Council no later than 31 December 2021. The Policy establishes a framework that maximises the benefits that can be delivered through procurement activities, and is supported by a range of internal staff guides, procedures and manuals to complement the Policy to ensure compliance with the Act.

The Policy provides a contemporary approach to procuring goods, services and works into the future with greater emphasis on our community and Council's Corporate Social Responsibility in environmental, social, ethical and local economy outcomes. The Policy provides flexibility in the way staff undertake procurement while maintaining sound governance, risk and control oversights.

The new procurement thresholds (Schedule 1 of the Policy) align with delegated financial powers, making the procurement experience for staff one which is soundly and consistently based while providing greater flexibility and efficiency.

The draft Policy was reviewed by Maddock Lawyers to ensure compliance with the requirements stipulated in the Act.

Officers' recommendation

That Council resolve to:

1. Adopt the Procurement Policy 2021-25 (**Attachment 1**).
2. Note the Procurement Policy 2021-25 will become effective from 1 January 2022.
3. Note for transparency the supporting procurement guidelines at **Attachment 2** will be published on Council's website.

Responsible director: **Phillip Storer, Chief Executive Officer**

1. Purpose

To present the draft Procurement Policy 2021-25 ('Policy') to Council for adoption.

2. Policy implications and relevance to community plan and council plan

In accordance with section 108 (6) of the *Local Government Act 2020*, Council must adopt the Policy by 31 December 2021. Council must then review the Policy at least once each 4 year term of the Council.

This report is consistent with the following themes and strategies in the Council Plan 2017-21 and the Boroondara Community Plan 2017-27. In particular Objective 7 "Ensure that ethical financial and socially responsible decision making reflects community needs and is based on principles of accountability, transparency, responsiveness and consultation".

Strategy 7.2: Ensure transparent decision making through open governance processes.

3. Background

The *Local Government Act 1989* was considered overly prescriptive and not suitable to the varied commercial and social needs of councils' constituencies across Victoria, resulting in the *Local Government Act 2020* ('the Act') moving to a principle-based Act, removing unnecessary regulatory and legislative prescription. The Act was transitioned across four (4) stages, each stage having different proclamation dates.

Sections 108 (Procurement Policy) and 109 (Procurement) of the 2020 Act formed part of the fourth stage that commenced on 1 July 2021, with the Procurement Policy to be adopted no later than 31 December 2021.

Whilst the draft Procurement Policy represents a substantially re-written Policy to meet the requirements of the *Local Government Act 2020*, it is important to note the vast majority of key principles contained in the previous Policy do flow through to the new Policy.

Some key areas that are consistent between both the old Policy and this draft Procurement Policy are:

- The Policy applies to all contracts for the purchase of goods, services and works and sets out threshold levels for the type and nature of procurement process to be followed
- There is an emphasis on competition and value for money
- The Policy outlines the public tender and EOI process
- All of the main procurement principles in the previous policy still apply.

4. Outline of key issues/options

The Policy provides a contemporary approach to procuring goods, services and works into the future. The balance between legislative requirements and what is best for our Council and the community is highlighted throughout the policy. For staff it provides more agility, is much clearer and a positive change.

Section 108 (3)(a)-(g) of the Act prescribes what 'must' be included in the policy; i.e. the contract value at which Council must invite a tender or seek an expression of interest, description of criteria to evaluate value for money, description of how Council will seek collaboration with other Councils and public bodies, and conditions whereby purchases can be done without inviting a public tender or expression of interest. All these requirements have been met within the Policy.

The Policy enhances social and environmental outcomes by increasing the focus on these issues in purchasing choices. In line with the Climate Action Plan a sustainable procurement guideline has been developed which assists officers in making sustainable choices in buying goods and services. Part of these guidelines proposes a selection weighting to be given to sustainability elements of the supply chain which will increase Council's influence on sustainable practices.

In developing the different thresholds, consideration was given to the nature, type of purchase, value and effort required by staff and suppliers involved in preparing or responding to procurement activities. Further, consideration was given to the relationship between risk and the threshold levels and our capacity to manage risk in the procurement environment. The proposed thresholds strike the appropriate balance from a risk perspective and allow for agility, compliance, and efficient processes. It is proposed to mandate the use of VendorPanel (Council's tender portal) for any purchase greater than \$25,000 (excluding GST). This maintains probity and doesn't allow access to anyone, including the procurement team, to any proposal/quote until the specified closing date and time.

The top threshold level of \$500,000 is aligned to the current requirement to seek Council approval, with the Executive Leadership Team (ELT) having delegated powers to enter into contracts below that threshold.

5. Consultation/communication

Six high procurement user departments across Council provided feedback into the draft Policy. The draft policy was presented to the Executive Leadership Team, at a Councillor briefing and to the Risk and Audit Committee where valuable feedback was provided. Maddock Lawyers refined some wording within the policy to ensure Council is fully compliant with the Act.

Communications across Council informing and preparing all staff about the new Policy commenced in late November and will continue throughout December and into the new year.

A range of procurement awareness sessions and training focusing on upskilling staff on the new Policy and processes commenced in late November and will continue into the New Year.

Development is currently underway with the local economic team on holding information awareness sessions in early 2022 for all interested local businesses on how to quote for Council business.

6. Financial and resource implications

There are no financial impacts associated with the implementation of the Procurement Policy.

7. Governance issues

The officers responsible for this report have no direct or indirect interests requiring disclosure.

8. Social and environmental issues

The Procurement Policy 2021-25 is supported by the internal guideline that focuses on social and environmental outcomes through purchasing choices.

Manager: **Amy Montalti, Chief Financial Officer**

Report officer: Jacinta Stevens, Head of Strategic Procurement and Contracts

Procurement Policy 2021-25

December 2021

Responsible Directorate: Office of the CEO
Authorised By: Council
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Contents

1.	Introduction	1
1.1	Purpose	1
2.	Scope.....	1
3.	Policy context.....	2
3.1	Legislative context.....	2
3.2.	Strategic context	2
4.	Objectives	2
5.	Guiding principles.....	2
5.1.	Open and fair competition	3
5.2.	Value for money.....	3
5.2.1.	VFM criteria.....	3
5.3.	Probity, transparency and accountability	4
5.3.1.	Probity advisors / Probity auditors	4
5.3.2.	Conflicts of interest.....	5
5.3.3.	Canvassing	5
5.3.4.	Gifts and benefits	5
5.3.5.	Accountability.....	6
5.4.	Governance, risk and controls.....	6
5.4.1.	Risk management	6
5.4.2.	Internal controls	6
5.4.3.	Procurement delegations	6
5.4.4.	Procurement roles and responsibilities.....	7
5.5.	Social and environmental sustainability	8
6.	Processes and procedures.....	8
6.1.	Sourcing strategies	9
6.2.	Request for information	9
6.3.	Expressions of interest.....	9
6.4.	Assessment of Quotes/Tenders/EOIs/Offer.....	10
6.5.	Contract Awards	10
6.6.	Tender Debrief	10
6.7.	Exemptions	10
6.8.	Grant funding	12
6.9.	Variations.....	12

6.10.	Cumulative spend	12
6.11.	Collaborative procurement	13
6.12.	Commercial information	13
6.13.	Dispute resolution	14
6.14.	Managing and monitoring supply arrangements, KPIs and performance	14
7.	Procurement thresholds	14
8.	Evaluation and award.....	15
9.	Access to information	15
Schedule 1 – Procurement Thresholds		16
Schedule 2 – Definitions		19



1. Introduction

1.1 Purpose

The City of Boroondara ('Council') recognises the contribution that effective, ethical, equitable and transparent procurement makes in building trust and confidence with rate payers and key stakeholders of the Boroondara community.

The Council Procurement Policy ('Policy') is the overarching policy for the procurement of goods and services and works. It establishes a framework that maximises the benefits that can be delivered through procurement activities.

Council recognises the need to ensure its procurement framework establishes best practice principles including value for money, open and fair competition, accountability, risk management, probity and transparency.

Council also acknowledges its Corporate Social Responsibility in:

- the supply chains significant material impact on the organisation's sustainability performance;
- purchasing and procuring from local businesses as a priority, where the goods and/or services are available and represent overall value for money; and
- meeting Child Safe Standards, and ensuring processes are in place, after a child safe risk assessment is completed, for supplier engagements requiring a level of contact with children to reduce the risk to children.

Procurement decisions should support Council's commitment to environmental, social, ethical and local outcomes when seeking best overall value.

It is important to note that the Policy is the foundation document in Council's procurement framework which guides day to day decision making to support the achievement of Council's objectives and to meet Council's legislative requirements. The Policy is further supported by a series of associated guidelines and supporting procedures and manuals to support Council staff to effectively implement the principles in the Policy.

2. Scope

The Policy:

- supersedes any previous procurement policies and guidelines issued by Council;
- applies to all Councillors, Council employees (including temporary staff), contractors, consultants, third parties procuring on Council's behalf, volunteers and suppliers;
- applies to the procurement of goods, services and works; and
- all threshold levels that apply to the procurement of goods, services and works are exclusive of GST.



3. Policy context

3.1 Legislative context

The Council's procurement framework including the Policy, the associated guidelines and supporting procedures and manuals are designed to ensure Council's compliance with the requirements of sections 108 and 109 of the [Local Government Act 2020](#) (Vic) ('Act') and associated Regulations.

This includes the need to comply with Policy requirements during all procurement processes and providing appropriate reporting to Council regarding collaborative procurement opportunities with other Councils or public bodies.

The framework also supports section 9 of the Act, which includes an overarching governance principle that applies to every procurement that "the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted, and collaboration with other Councils and Governments and statutory bodies is to be sought".

3.2. Strategic context

The Policy shall support Council's corporate vision, strategies and other policies, including but not limited to those related to sustainability, protection of the environment, corporate social responsibility and meeting the needs of the local community.

4. Objectives

The objectives of the Policy are to:

- promote open and fair competition and provide value for money during procurement;
- 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;
- ensure procurement processes align with Council's key strategic commitments to environmental sustainability; and
- maximise the probability of obtaining the right outcome when purchasing goods and services or undertaking works.

5. Guiding principles

Council's procurement activities are guided by the following procurement practice principles:

- open and fair competition;
- value for money ('VFM');



- risk management;
- probity and transparency;
- accountability; and
- sustainable and social procurement objectives.

5.1. Open and fair competition

Council's procurement activities and commercial transactions are underpinned by the highest standards of integrity, honesty, fairness and openness. All prospective suppliers are treated without bias (actual or perceived) and afforded the same access to information.

5.2. Value for money

Ultimately, there is a need to ensure that Council's procurement delivers value for money ('VFM') for Council and Boroondara's community. VFM means more than just the lowest price. In measuring VFM, it must also advance the Council's economic, environmental and social objectives for the long-term wellbeing of our community.

Council utilises a VFM methodology when assessing procurement quotations, tenders and proposals. Selection is based on the most advantageous outcome for Council and Boroondara's community. Council is not obliged to accept the lowest tender, proposal or quotation and may not decide to accept any offers it receives.

5.2.1. VFM criteria

To achieve VFM for the community, Council will look beyond upfront costs to make purchasing decisions based on the entire life cycle of goods and services or works, and take into account related costs, environmental/circular economy and social risks and benefits, end of life disposal, and broader social and environmental implications.

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

VFM in Council procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:

- a) contribution to the advancement of Council's priorities and objectives;
- b) non-cost factors such as fitness for purpose, quality, reliability, social and environmental impacts, service and support and end of life disposal options, support for local industry or employment; and
- c) 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.

VFM is best achieved by:

- a) developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout the procurement lifecycle;



- b) aggregating purchasing whenever possible; and
- c) undertaking competitive procurement processes.

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

- Mandatory Compliance criteria (e.g. Australian Business Number ('ABN') registration, relevant statutory obligations).
- Tendered price.
- Capacity of the Tenderer to provide the Goods and/or Services and/or Works.
- Capability of the Tenderer to provide the Goods and/or Services and/or Works.
- Demonstration of Sustainable and Social Procurement Impact.

Further information regarding Council's VFM criteria is outlined in the VFM Guideline which forms part of the suite of procurement framework documents supporting the Policy.

5.3. Probity, transparency and accountability

Underpinning the Policy is the need for probity and integrity to remain integral components of all Council procurement. In addition, Council recognises its accountability for delivering timely outcomes using public resources and seeks to ensure Council decisions are transparent and defensible.

5.3.1. Probity advisors / Probity auditors

Council has a responsibility to ensure the highest level of integrity is maintained during procurement activities. To maximise the integrity of a procurement, Council may appoint an independent Probity Advisor and / or Probity Auditor.

The Probity Advisor and Probity Auditor must be independent from Council and must not be the same person or organisation.

5.3.1.1

Circumstances where a Probity Advisor and / or Probity Auditor must be engaged include procurement:

- with an expected value of \$5 million or over for goods and services; or
- with an expected value of \$10 million or over for works

5.3.1.2

Other circumstances where a Probity Advisor and / or Probity Auditor must be engaged include procurement:

- with an expected value of \$1 million or over for goods and services; or



- with an expected value of \$2 million or over for works; and
 - a) deemed high risk; or
 - b) deemed by the Executive Leadership Team to be complex or sensitive in nature; or
 - c) considered politically sensitive or subject to a high degree of public scrutiny.

5.3.2. Conflicts of interest

Councillors, Council employees, any external consultants / contractors engaged by Council and suppliers to Council, shall at all times comply with the following conflicts of interest requirements:

- Councillors – Councillors Code of Conduct including disclosing conflicts of interest as required, and conflict of interest requirements set out in the Act.
- Council employees - Council's Code of Conduct, and the conflict of interest requirements set out in the Act and the guidelines available from Local Government Victoria.
- Consultants / contractors - Contractor Welcome Kit.
- Suppliers - Supplier Code of Conduct.

Any actual or potential conflict of interest identified by Council employees, any external consultants / contractors and suppliers as part of any procurement process must be declared to the relevant Manager on the Conflict of Interest and Confidentiality Declaration form, or in such other manner as is directed by Council from time to time.

Any actual or potential conflict of interest identified by a Councillor when considering a report presented to the Council in relation to a contract award, must declare it and vacate the meeting at the time of the report being considered, in the manner required by the Act and Council's Governance Rules.

5.3.3. Canvassing

Suppliers of goods, services or works are prohibited from engaging Councillors, employees, consultant or third party agents to discuss any aspect of a tender, quote or contract other than the nominated contact for the tender or quote. Any engagement other than with the nominated procurement representative may disqualify the supplier.

5.3.4. Gifts and benefits

No Councillor, employee or third party agents shall seek or accept any immediate or future reward or benefit in return for a decision by Council to award a Council contract.

Any gift or benefit offered will be managed in accordance with Council's internal policies and processes.



5.3.5. Accountability

All parties associated with a procurement activity on Council's behalf are responsible for ensuring they are aware of their obligations under relevant codes of conduct, application of the law and their delegations of authority. This includes third parties engaged to procure goods, services or works on Council's behalf.

Council will publish basic details for all relevant procurement outcomes as required by law, and in the public interest on a monthly basis.

5.4. Governance, risk and controls

Council has established a procurement management responsibility structure and a system of procurement that ensures accountability, traceability and auditability of all procurement decisions made over the lifecycle of all goods, services and works purchased by Council.

Council's criteria for procurement governance, risk and controls including the complaints management process are outlined in the Governance, Risk and Controls Guideline which forms part of the suite of procurement framework documents supporting the Policy.

5.4.1. Risk management

All procurement is undertaken in accordance with acceptable risk parameters shaped by Council's risk appetite and the associated enterprise wide risk management framework.

Appropriate risk management principles must be applied throughout all stages of the procurement and contracting lifecycle. These principles are designed to protect and enhance Council's capability to prepare for, respond to and recover from risks and issues associated with work health and safety, personal injury, property damage, reputation damage, financial exposure, business interruption, climate change, intellectual property disputes and interruption to the efficient supply of goods, services and works.

5.4.2. Internal controls

Council's framework of internal controls over procurement processes, including regular internal audit review and audit by Council Strategic Procurement and Contracts Team, ensures:

- more than one person is involved in and responsible for a transaction end to end;
- a clearly documented audit trail exists for all procurement activities;
- appropriate authorisations are obtained and documented; and
- systems are in place for appropriate monitoring and performance measurement.

5.4.3. Procurement delegations

The authority to approve the establishment of contracts / agreements and approve expenditure must be in accordance with Council's Instrument of Delegations and the Procurement Authority Limits.



The Delegated Committees listed below have the following delegated powers:

Urban Planning Delegated Committee

To exercise Council's powers, discretions and authorities to perform Council's functions under the [Planning and Environment Act 1987](#) (Vic) ('PE Act') and the [Building Act 1993](#) (Vic) ('BA Act') having regard to relevant policies and guidelines of the Council:

- to enter into contracts and to incur expenditure to a maximum monetary limit of \$20 million (excluding GST).
- to do all things necessary or convenient to be done for or in connection with the performance of those functions, duties and powers.

Exceptions, conditions and limitations

The members of the Delegate Committee are not authorised to:

- enter into contracts, or incur expenditure, for an amount which exceeds \$20 million (excluding GST).
- exercise the powers which, under s11(2) of the Act or s188 of the PE Act, cannot be delegated to the Committee.

Services Delegated Committee

To exercise Council's functions and powers, perform Council's duties, determine any issue and take any action arising out of or connected with any duty imposed, or function or power conferred on Council, by or under any act other than the PE Act and the BA Act:

- to enter into contracts, and to incur expenditure to a maximum monetary limit of \$20 million (excluding GST).
- to do all things necessary or convenient to be done for or in connection with the performance of those functions, duties and powers.

Exceptions, conditions and limitations

The members of the Delegate Committee are not authorised to:

- enter into contracts, or incur expenditure, for an amount which exceeds \$20 million (excluding GST).
- exercise the powers which, under s 11(2) of the Act, cannot be delegated.

5.4.4. Procurement roles and responsibilities

Council officers must be committed to adhering to this Policy.

Procurement activity within Council will be driven by the relevant business unit with the Procurement Team providing oversight and guidance.



Directors are accountable to ensure that annual business plans, where it's known a procurement activity will be required, are a true reflection of the procurement activities expected to occur within the financial year.

Procurement Team officers will be involved in the initial stages of business procurement forward planning to ensure there is agreement on the scope of the procurement activities required, the timing of the required procurement activities and the approach.

Any reports seeking Council approval for procurement or contracting activities must be presented to Council by the relevant Director. If required, the Procurement Team is able to review the report prior.

Further detail in relation to the roles and responsibilities of Council officers for procurement activities is set out in the Governance, Risk and Controls Guideline which forms part of the suite of procurement framework documents supporting the Policy.

5.5. Social and environmental sustainability

Council recognises its Corporate Social Responsibility and is committed to advancing shared value by deriving economic, environmental, social ethical, local and environmental outcomes through its procurement. Where it is possible, Council will purchase from for-social benefit and environmentally sustainable entities, and indirectly by including social and environmental clauses in its contracts with private sector providers and screening supply chains for ethical considerations.

To achieve this, Council's procurement strategies will:

- apply a local preference test;
- promote the attraction of social enterprises;
- promote the attraction of Aboriginal and Torres Strait Islander people enterprises;
- foster innovation in sustainable products and services;
- promote and apply an environmental sustainability test;
- ensure that fair and ethical sourcing practices by officers and suppliers are applied including legislative obligations to employees; and
- ensure the prevention, detection and removal of modern slavery from Council's supply chain through compliance with the [Modern Slavery Act 2018](#) (Cth).

Council's criteria for sustainable procurement are outlined in the Social and Sustainable Procurement Guideline which forms part of the suite of procurement framework documents supporting the Policy.

6. Processes and procedures

Council's procurement processes and procedures are governed by the Policy, the supporting guidelines and other accompanying internal procurement and contracting manuals making up the Council's overarching procurement framework.



6.1. Sourcing strategies

This Policy applies to all procurements regardless of value, risk or process. Sourcing strategy options include:

- a) direct purchase (using corporate credit card; purchase card) or utilising existing supplier contracts;
- b) approved purchasing schemes or use of panel arrangements (including panels established by councils in the eastern region and Victoria);
- c) select tender;
- d) open or public tender;
- e) collaborative or joint procurement (through aggregators or with one or more other councils);
- f) Victorian State Government contracts (e.g. State Purchase Contracts, Whole-of-Government contracts or Construction Supplier Register (CSR)); and
- g) procurement under an exemption outlined in this Policy.

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

6.2. Request for information

Where Council is uncertain as to the nature and specification of goods and services it requires, Council may undertake a Request for Information (RFI) process. An RFI may be undertaken for reasons which include establishing:

- a) advice from the market is required regarding how best to address a particular need;
- b) available technologies, products or services in the marketplace that meet Council needs;
- c) whether proposed terms and conditions or deliverable expectations are acceptable in the marketplace;
- d) whether proposed budgets are adequate to meet non-standard procurement needs.

Council should use an RFI **rather than a request for tender or EOI** in order to improve its understanding of its own needs, availability of appropriate goods and services and likely costs.

6.3. Expressions of interest

Expressions of Interest (EOI) must give public notice. They are primarily used where the amount is greater than the threshold set by Council, and:

- there are likely to be many tenderers;
- tendering will be costly to Council and tenderers;
- the procurement is complex; and
- there is uncertainty as to the willingness and/or interest of vendors to supply.



An EOI process is the first stage of a two-stage process that is followed by an open or closed tender process. There should be no intent to engage suppliers as a direct result of an EOI process.

6.4. Assessment of Quotes/Tenders/EOIs/Offerers

For all procurement activities, selection criteria will be used to assess the suitability of a potential respondent. The selection criteria will be developed before approaching the market and will be included in the procurement documentation to be released to perspective vendors.

Council's criteria for evaluating responses to Council procurement processes are outlined in the Evaluation and Contract Negotiation Guideline which forms part of the suite of procurement framework documents supporting the Policy.

The evaluation panel composition must follow the Evaluation and Contract Negotiation Guideline.

6.4.1. Financial viability assessment

The financial viability assessment of potential suppliers must form part of the due diligence undertaken by Council during procurement processes. These assessments are used to check the immediate and ongoing capacity of suppliers to complete works or supply goods and services.

The key objective of the financial appraisal in the procurement process is to analyse a potential supplier(s) financial position and determine the level of risk that the supplier may pose to Council – having regard to the contract requirement and value, risk, criticality, and the nature of the market.

Assessments may also be undertaken during the term of a contract to identify and assess any changes in the financial position and risks associated with the potential insolvency of the supplier.

6.5. Contract Awards

Council is committed to being transparent with contract awards. Where a procurement contract has been awarded with a value greater than \$500,000 excluding GST the following information will be made available on the Council website within one month of contract execution; contract number, contract title, date awarded, name of successful vendor, contract term and contract value.

6.6. Tender Debrief

After the execution of the contract, any unsuccessful vendors may request a de-briefing session. This session may provide the supplier with enough information to assist them to improve responses and/or performance in the future.

6.7. Exemptions

The conditions under which the Council may purchase goods, services or works without inviting a public tender or expression of interest are:



- in urgent or extraordinary circumstances, including but not limited to:
 - sudden and significant negative events that activate the Municipal Emergency Management Plan or associated sub plans (e.g. Crisis Management Plan);
 - sudden and unforeseeable changes in market conditions that impact Council's delivery of services to the municipal community; and
 - sudden and unforeseeable termination of an existing contractor;
- where Council seeks to enter into a contract under, or in reliance on:
 - State Government contracts, including but not limited to:
 - State Purchase Contracts and Whole of Victorian Government Contracts, being the standing offer agreements for State Government common use goods and services, which are established when value for money can best be achieved through aggregating demand;
 - the Construction Suppliers Register, being a pre-qualification scheme for building and construction industry consultants and contractors, provided that tenders are sought from a minimum of three (3) pre-qualified contractors registered with the Construction Suppliers Register; and
 - the Marketing Services Register, being a pre-qualification scheme for a range of creative services within advertising and communication, provided that tenders are sought from a minimum of three (3) pre-qualified contractors registered with the Marketing Services Register;
 - a procurement process conducted by the Municipal Association of Victoria on behalf of a group of councils; or
 - a procurement process conducted by Procurement Australia to which Victorian councils have access;
- with the Municipal Association of Victoria (MAV) for Liability Mutual Insurance (LMI) services;
- where Council seeks to enter into short-term arrangements of no longer than a period of six months if Council is or is about to go out to market for the same or similar goods, services or works;
- for the procurement of legal services;
- where a contract is due to expire and:
 - the value of the approved original contract (contract value plus value of extension options) either:
 - did not exceed the thresholds; or
 - exceeded the thresholds but was entered into after a public tender, EOI or external panel arrangement process;
 - and
 - there is an ongoing need for the goods, services or works provided under the original contract



- the goods, services or works provided under the original contract cannot conveniently or economically be provided or undertaken by anyone in the market other than the original contractor; and
- the proposed new contract with the original contractor has been assessed to ensure that it continues to represent best value for money;
- where inquiries into the relevant market have revealed that there is only one supplier or provider, or one viable supplier or provider, of the goods, services or works to be procured; and
- where the Chief Executive Officer is satisfied, on reasonable grounds, that not going to market will produce a better, or better value, outcome for Council.

The process for pre-approval for an exemption from seeking the minimum number of quotes must have the express documented approval of the relevant Director. Any pre-approval does not excuse the procurement activity from due process and financial approval.

Exemption categories are defined in the Exemption Guideline which forms part of the suite of procurement framework documents supporting the Policy.

6.8. Grant funding

Where Council expenditure is funded from State or Federal Government grant monies, the requirement to comply with Section 108 of the Act and this Policy remains unless there are grant conditions which provide alternative arrangements.

Where Council provides grant funding to local organisations, the requirement to comply with Section 108 of the Act and this Policy does not apply.

6.9. Variations

All contract variations must be assessed to determine whether they are properly characterised as variations, or whether they are in effect a new contract.

Where a variation to a contract occurs, the procurement delegation is defined by the value of the variation, not by the value of the whole contract.

An officer with a sub-delegation from the CEO may vary a contract to the relevant limit in the procurement delegations. Any variation amount that exceeds an officer's procurement delegation limit must be escalated to an employee with the appropriate financial delegation.

Prior approval is required for all variations including ensuring that approved budget is available for all variations.

6.10. Cumulative spend

A procurement must not be split to circumvent the procurement thresholds set out in Schedule 1 of this Policy.



However, it is recognised that certain goods, services or works of the same or a similar kind will be purchased from the same provider under separate arrangements on a regular basis. This will give rise to cumulative spend.

In those circumstances, the procurement thresholds set out in Schedule 1 of this Policy must be considered on the basis of a rolling two-year average spend on the goods, services or works purchased from the same supplier.

This cumulative spend requirement does not apply where different departments/teams across Council procure goods, services or works from the same vendor pursuant to separate procurement processes. That is, this section 6.8 applies only to cumulative spend over time with an individual supplier by one area within Council.

6.11. Collaborative procurement

Council staff must consider any opportunities for collaborative procurement in relation to a procurement process undertaken by Council. Where practical, Council will collaborate with other departments across the organisation, other Councils and public bodies in order to take advantage of economies of scale, reduce risk, maximise social or environmental outcomes and deliver community benefits for all participating councils.

Any Council report that recommends entering into a procurement arrangement must set out information relating to opportunities for collaborative procurement, including:

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

Collaborative procurement will be achieved through:

- aligning procurement categories and timing (joint procurement);
- using supplier panel arrangements, including supplier panels in the eastern region (that include the capacity to provide services outside of the contracting council area under the same Terms and Conditions); and

Furthermore, Council may collaborate with other Councils to procure goods or services, or utilise Municipal Association of Victoria Procurement ('MAV'), State Government, Federal Government and Procurement Australia contracts for the procurement of goods, services or works established through a public tender process where it provides an advantageous, VFM outcome for the Council.

6.12. 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 properly obtained, securely stored, processed and published (where applicable) in an appropriate manner including in accordance with relevant legislative requirements.



6.13. Dispute resolution

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

6.14. Managing and monitoring supply arrangements, KPIs and performance

Council and/or our agents actively manage supplier relationships and monitor performance before, during and after establishing procurement arrangements and contracts. The level of monitoring will be appropriate to the relative risk Council is exposed to.

To allow for early intervention and, if necessary, optimise performance, regular monitoring of supplier performance will be carried out to assess whether it meets critical requirements such as timeliness and conforming to specifications/agreed requirements.

7. Procurement thresholds

The appropriate procurement method for any purchasing/project is determined by the nature, value and the risk of the purchase. A tender process will be used for high value items and below that, those items considered to be of high risk. The level of risk is determined on a case by case basis by Council.

EOI and / or tender processes are not required where procurement is undertaken through a pre-established panel arrangement; i.e. MAV Procurement, State Government and Procurement Australia contracts for the procurement of goods, services or works established through a public tender process where it provides an advantageous, VFM outcome for the Council.

Council will invite tenders, proposals, quotes and EOIs from the supply market for goods, services, building and construction works in accordance within the thresholds listed in Schedule 1 of this Policy to ensure compliance with the Act. These thresholds will only be varied with approval from Council.

The 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 exclusive of GST.

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

- a) Council running its own publicly advertised tender process, a variety of advertising mediums may be chosen from including; national newspapers, local newspapers and web based forums.
- b) Council participating in collaborative tender processes for similar services in conjunction with other councils including; councils in local procurement networks.
- c) Council appointing an external agent to run a tender process on its behalf. Organisations such as Procurement Australia and MAV Procurement are active in this area.



- d) Council accessing Victorian State Government contracts (e.g. State Purchase Contracts, Whole-of-Government contracts) or Federal Government contracts that have been made available to Local Government and which Local Government can access.
- e) Council accessing contracts for panels of suppliers where those panels have been put in place through a compliant tender process. For example, these panel contracts may have been put in place through a Council-run tender process, a tender process run for Council by an external agent or be a Victorian State Government panel or Federal Government arrangement made available to Local Government.
- f) Seeking an exemption as outlined in section 6.6 of this Policy.

8. Evaluation and award

Each RFT issued by Council will be evaluated in accordance with the Conditions of Tendering. Where this evaluation is undertaken by a Tender Evaluation Panel, a recommendation will be made either to:

- an employee with the necessary financial delegation; or
- Council,

for a decision on the award of the contract.

It is acknowledged that, while the Tender Evaluation Panel makes a recommendation based on its evaluation, it is not the final decision maker. The final decision maker retains discretion and may form a different view about the scores to be attributed to the tenderers under the evaluation criteria. Where this happens, the final decision maker may depart from the recommendation of the Tender Evaluation Panel.

The recommendation of the Tender Evaluation Panel should not be departed from without a thorough assessment of the tender responses against the criteria applied by the Tender Evaluation Panel and the Conditions of Tendering.

9. Access to information

In almost all instances, information provided by prospective providers of goods, services and works in the circumstances required by this Policy will contain sensitive commercial information.

To ensure the integrity of the tender process is not compromised, the Tender Evaluation Panel will take all reasonable steps to restrict access to individual tenderer proposals until such time as a report is presented to the relevant employee with the necessary financial delegation or Council. This is intended to ensure that all who are involved in the final decision are fully and equally informed. It is acknowledged that it may be necessary to keep information confidential, and to consider information in Council meetings that are closed to the public.

Employees and Councillors will observe their confidentiality obligations under the Act and will not misuse any information provided in a Council report or otherwise in connection with a tender.



Schedule 1 – Procurement 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.

Any pre-approval not to seek the required number of quotes must be sought from the Director and must be through the pre-approval template. Any pre-approval does not excuse the procurement activity from due process and financial approval.

Council's thresholds are **exclusive GST** for Goods and Services procurement activities as follows:

Procurement Threshold (exclusive GST)	Procurement Methodology (RFT/RFQ/Simple RFQ/Direct Purchase/Single Quote)
<\$3,000	Direct purchase from local supplier without a PO (as specified) One (1) verbal or written quote <ul style="list-style-type: none"> • PO optional • Directorate Credit Card optional
\$3,001 - \$10,000	One (1) written quote (from local supplier where possible) <ul style="list-style-type: none"> • PO required unless exempt
\$10,001 - \$75,000	Seek three (3) written quotes OR Pre-established external Panel, must follow requirements established for the particular panel; if no requirements, seek a minimum of three (3) written quotes <ul style="list-style-type: none"> • >\$25,000 contract number required • >\$25,000 Council's eTendering portal • Purchase Order \$10,000 - \$25,000 • Simple Contract >\$25,001
\$75,001 - \$250,000	Public process - RFT, RFI, EOI OR Seek four (4) written quotes OR Pre-established external Panel, must follow requirements established for the particular panel; if no requirements, seek a minimum of four (4) written quotes <ul style="list-style-type: none"> • Contract number required • Council's eTendering portal • Simple Evaluation Plan that includes a probity escalation process • Simple Contract



Procurement Threshold (exclusive GST)	Procurement Methodology (RFT/RFQ/Simple RFQ/Direct Purchase/Single Quote)
\$250,001 - \$500,000	<p>Public process - RFT, RFI, EOI</p> <p>OR</p> <p>Seek six (6) written quotes</p> <p>OR</p> <p>Pre-established external Panel, must follow requirements established for the particular panel; if no requirements, seek a minimum of six (6) written quotes</p> <ul style="list-style-type: none"> Contract number required Council's eTendering portal Probity Plan, Evaluation Plan, Procurement Plan (if public process), relevant contract If Public Process, consider engaging Probity Advisor and or Probity Auditor based on the requirements under section 5.3.1 of this policy
Over \$500,000	<p>Public Process - RFT, RFI, EOI</p> <p>OR</p> <p>Pre-established external Panel, must follow requirements established for the particular panel; if no requirements, seek a minimum of six (6) written quotes</p> <ul style="list-style-type: none"> Contract number required Council's eTendering portal Probity Plan, Evaluation Plan, Procurement Plan (if public process), relevant contract Refer to section 5.3.1 of this policy to determine if the engagement of a Probity Advisor and or Probity Auditor is required

Council's thresholds are **exclusive GST** for Works procurement activities as follows:

Procurement Threshold (exclusive GST)	Procurement Methodology (RFT/RFQ/Simple RFQ/Direct Purchase/Single Quote)
<\$3,000	<p>Direct purchase from local supplier without a PO (as specified)</p> <p>One (1) verbal or written quote</p> <ul style="list-style-type: none"> PO optional Directorate Credit Card optional
\$3,001 - \$15,000	<p>Obtain one (1) written quote (from local supplier where possible)</p> <ul style="list-style-type: none"> PO required unless exempt



Procurement Threshold (exclusive GST)	Procurement Methodology (RFT/RFQ/Simple RFQ/Direct Purchase/Single Quote)
\$15,001 - \$35,000	<p>Obtain two (2) written quotes (from local suppliers where possible)</p> <ul style="list-style-type: none"> • Contract number required • >\$25,000 use of Council's eTendering portal • Simple Evaluation Plan • Purchase Order \$15,001 - \$25,000 • Simple Contract >\$25,001
\$35,001 - \$200,000	<p>Seek three (3) written quotes (from local suppliers where possible)</p> <p>OR</p> <p>Pre-established external Panel, must follow requirements established for the particular panel; if no requirements, seek a minimum of three (3) written quotes</p> <ul style="list-style-type: none"> • Contract number required • Council's eTendering portal • Simple Contract or appropriate Australian Standard contract • Simple Evaluation Plan that includes a probity escalation process
\$200,001 - \$500,000	<p>Public process - RFT, RFI, EOI/RFT</p> <p>OR</p> <p>Seek minimum five (5) written quotes</p> <p>OR</p> <p>Pre-established external Panel, must follow requirements established for the particular panel; if no requirements, seek a minimum of five (5) written quotes</p> <ul style="list-style-type: none"> • Contract number required • Council's eTendering portal • Simple Procurement Plan • Simple Evaluation Plan that includes a probity escalation process
Over \$500,000	<p>Public Process - RFT, RFI, EOI/RFT</p> <p>OR</p> <p>Pre-established external Panel, must follow requirements established for the particular panel; if no requirements seek a minimum of six (6) written quotes</p> <ul style="list-style-type: none"> • Contract number required • Council's eTendering portal • Evaluation Plan that includes a Probity escalation process and Procurement Plan for Public Processes • Probity escalation process when using panels to be included in Evaluation Plan • Refer to section 5.3.1 of this policy to determine if the engagement of a Probity Advisor and or Probity Auditor is required



Schedule 2 – Definitions

Term	Definition
Aggregated Purchasing Contract	A contract established by the Council, government or a nominated agent for the benefit of numerous state, federal and/or local government entities that achieves best value by leveraging combined economies of scale.
Benefits	<p>Benefits can take many forms, and are often non-tangible (i.e. not a physical item). Benefits include, but are not limited to:</p> <ul style="list-style-type: none"> • access to events or clubs • preferential treatment (e.g. priority service, access to benefits or services not usually available) • upgrades • discounts • a new job or promotion • access to confidential information • offers of secondary employment or contracts.
Complex Procurement	<p>Procurement complexity refers to the level of difficulty involved in procuring a good or service. An assessment of complexity considers a broad range of factors associated with the procurement activity including:</p> <ul style="list-style-type: none"> • difficulty in product or service specification • procurement of an innovative or bespoke product or service • risk • total cost of ownership • market dynamics.
Emergency	A sudden or unexpected event requiring immediate action including the occurrence of a natural disaster, flooding or fire event at a Council property; the unforeseen cessation of trading of a core service provider; any other situation which is liable to constitute a risk to life or property.
Environmental Procurement	<p>Environmental procurement looks beyond the up-front cost to making purchasing decisions based on the entire life cycle of the goods and services including end of use disposal. This includes products that:</p> <ul style="list-style-type: none"> • contain recycled material; • are water and energy efficient; • contain no single-use plastic; • protect our biodiversity; and • can be re-used, re-purposed or recycled at the end of their life. <p>It also includes services relating to sustainable building design and construction and the running of events (Department of Energy and Environment).</p>



Term	Definition
Gifts	<p>Gifts can take many forms, such as:</p> <ul style="list-style-type: none"> • free or heavily discounted items • tickets or passes to events, shows etc. • enduring items, such as works of art • consumables, such as food or stationary • less tangible benefits such as hospitality or services, memberships etc. • hospitality that exceeds common courtesy. <p>A gift may be:</p> <ul style="list-style-type: none"> • offered or given to an individual employee or the organisation • offered or given to a family member • purchased, home-made or home-grown • of negligible, nominal, or significant value.
Local Supplier	A commercial business with an operational premise that is physically located within the municipal borders of the 11 South East Regional Councils, perform the majority of their manufacturing in this region.
Material Breach	Any breach of this policy that may also represent a breach of legislation such as procurement thresholds, fraud or corruption, and occupational health and safety.
Probity	<p>Probity is the evidence of ethical behaviour, and can be defined as complete and confirmed integrity, uprightness and honesty in a particular process.</p> <p>Probity is a defensible process which is able to withstand internal and external scrutiny, which achieves both accountability and transparency, providing respondents with fair and equitable treatment.</p>
Probity Advisor	<p>A probity advisor provides an independent opinion on the integrity of a procurement activity to ensure that tenders are conducted fairly and properly.</p> <p>Probity advisors can assist in the development of probity plans, provide advice on indirect or direct conflict of interests, and address and assist with any unexpected probity issues that may arise throughout the procurement process.</p> <p>A probity advisor cannot play a dual role as the probity advisor and probity auditor for the same procurement activity.</p>
Probity Auditor	A probity auditor is independent from the Council and probity advisor who provides an independent scrutiny audit either at different times throughout the life of the procurement activity or prior to seeking approval to engage the preferred vendor/s to ensure probity requirements have been adhered to.



Term	Definition
Procurement	<p>Procurement is the whole process of acquisition of external goods, services and works. This process spans the whole life cycle from initial concept through to the end of the useful life of an asset or the end of a service contract. It also includes the organisational and governance frameworks that underpin the procurement function.</p> <p>Any procurement activity is exclusive GST; meaning it is the actual cost to the Council.</p>
Reasonably Practicable	That which is, or was at a particular time, reasonably able to be done in relation to ensuring health and safety, taking into account and weighing up all relevant matters.
Sensitive Procurement	<p>Sensitive procurement refers to procurement activities involving issues such as:</p> <ul style="list-style-type: none"> • Organisational sensitivity, including the: <ul style="list-style-type: none"> ○ Procurement of a sensitive product or service i.e. cyber security. ○ Potential exposure of sensitive information of either or both of the principal or supplier. • Political sensitivity. • Potential for controversy regarding the procurement process, selecting the successful supplier or awarding the contract.
Social Procurement	<p>Social Procurement is when organisations use their buying power to generate social value above and beyond the value of the goods, services or construction being procured by purchased.</p> <p>Procurement may be grouped into two broad approaches:</p> <ul style="list-style-type: none"> • Direct approach - Purchasing goods, services or construction from a social benefit supplier. • Indirect approach - Purchasing goods, services or construction from a mainstream supplier (that is, any supplier that is not a social benefit supplier) and uses invitations to supply and clauses in contracts to deliver social and sustainable outcomes. (Sustainability Victoria)
Total Contract Sum	<p>The potential total value of the contract including:</p> <ul style="list-style-type: none"> • costs for the full term of the contract, including any options for either party to extend the contract • anticipated contingency allowances or variations • all other known, anticipated and reasonably foreseeable costs.



Term	Definition
Value for Money (VFM)	<p>VFM in procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors that benefit our community including:</p> <ul style="list-style-type: none">• contribution to the advancement of Council's priorities• non-cost factors such as fitness for purpose, quality, service and support• 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.

Guideline: Evaluation and Negotiation



Guideline: Evaluation and Negotiation

1. Evaluation Process

The process to evaluate and negotiate the supply of goods, service and works is determined by the procurement process used. The aim of the evaluation process is to select a supplier that provides the best value for Council and the community while ensuring that all suppliers are treated in a fair, equitable and impartial manner.

1.1. General

Council officers must ensure that:

- Late proposals are not accepted, unless a technical issue with eProcure or any other tendering portal used can be demonstrated.
- The evaluation process is robust, transparent and unbiased.
- The evaluation criteria released with the tender, EOI or quote documentation is not amended after the closing date and time, and the weightings against the criteria are not amended once submissions are received.

1.2. Evaluation

All evaluations must be undertaken using a consistent methodology taking into consideration the principles outlined in Section 6.4 of the Procurement Policy and this guideline. Proposals are to be evaluated according to the approved Evaluation Plan.

1.3. Evaluation Panel

1.3.1. General

An appropriately qualified and briefed evaluation panel (the panel) will be established to evaluate each submission against the evaluation criteria and weighting. The composition of the Panel is a matter of judgement and depends ultimately on the level of skill and experience required to evaluate the submission(s). The panel must comprise of at least two (2) persons as well as an independent chairperson (i.e. minimum of three (3)) or other odd number.

Evaluation panels may include external parties who specialise in the area in order to ensure appropriate skills, experience and/or probity and to achieve the best outcome for the procurement activity. All members, including the chairperson and any external specialist assisting in the process, must complete a 'Conflict of Interest and Confidentiality' Declaration prior to receiving submitted proposals.

Each panel member is to undertake a systematic assessment of each proposal using the evaluation criteria published in the invitation documentation.

The panel will advise on:

- evaluation criteria prior to inviting a quote or tender; and
- evaluation criteria weighting prior to the procurement activity closing date and time.

At the conclusion of the individual assessments, the Panel will review each individual panel member's evaluation as a group to:

- Allocate overall scores awarded for each submission against each of the selection criteria;
- Check references; and
- Review any other information provided which is critical to the evaluation.

Throughout this process, Panel members must be mindful of the sensitivity of the information. Therefore, the handling, copying and distribution of all materials must be controlled to ensure the security of such information. In addition, any copied material relating to the submissions must be stored securely when not in use.

1.3.2. Requests for Tender and Expression of Interest

An evaluation panel must be formed with a minimum of two (2) members and a chairperson or other odd number to evaluate responses to Requests for Tender.

Where a request for tender relates to a procurement activity with a value of **\$500,000 or greater**, it is highly recommended that the evaluation panel include an independent or subject matter expert from outside the relevant business unit.

For requests for tender, and in accordance with the Procurement Policy, the chair of the evaluation panel must hold a Council position, as follows:

- Level 4 (Co-ordinator) where the tender is **less than \$1M**
- Level 3 (Department Manager) where the tender is **greater than \$1M and less than \$10M**
- Level 2 (Director/General Manager) where the tender is **greater than \$10M**.

1.4. Evaluation Plan

A detailed Evaluation Plan shall be developed, approved and strictly adhered to by the panel. Amongst other things this involves the establishment of more detailed evaluation criteria, the application of a pre-approved and weighted scoring system, and probity escalation process. The Evaluation Plan will be completed and approved prior to the invitation closing date and time.

1.5. Evaluation criteria

Council officers must ensure:

- Evaluation criteria include both price and non-price factors (risk, quality and contribution to council's social and sustainability objectives).
- Evaluation criteria are included in the invitation documents that are released to the public or suppliers to allow a transparent and equitable approach to the market.
- That evaluation criterion may include: Price, Capability (skills, experience), Capacity (including financial viability), Methodology (approach) and Social and Sustainability (local, social, economic and environmental) with specific criteria for capacity, local, social, economic and environmental sustainability objectives being determined on a project by project basis.

- The evaluation criteria must not change once the invitation has been released, unless all registered suppliers are notified appropriately via an addendum.
- Evaluation weighting for each criterion are documented prior to the closing of the procurement activity.

1.6. Weightings

1.6.1. Capacity (financial viability assessment)

A financial viability assessment evaluates the risk that, over the life of a proposed contract, a potential supplier:

- may not be able to deliver the goods and services which are specified in the contract; or
- may not be able to fulfil guarantees or warranties provided for in the contract.

The responsibility for undertaking the financial viability assessment (including any credit rating review) during a particular procurement process will be the Procurement Business Partner.

The process for viability assessments should be conducted at an appropriate time in the procurement process to minimise costs and time for both Council and respondents. Consequently, the timing within a procurement process and the extent of financial viability assessments should be determined on a case by case basis.

As conducting financial viability assessments imposes a cost on respondents and Council, assessments should be commensurate with the scale, scope and relative risk of the proposed project. In assessing risk, consideration should be given to the likelihood and consequence of a financial viability issue in the procurement and subsequent contract. Specifically, consideration should be given to:

- the likelihood of a financial viability risk given the nature of likely respondents, the maturity of the industry, economic conditions, and the history of financial failure in the industry; and
- the consequence to Council if the supplier or contractor does experience a financial viability incident during the project or contract - this will be heavily dependent on the importance of the good or service to Council or its stakeholders.

Irrespective of the level of risk, Council should ensure that request documentation:

- Enables Council to complete further financial checks.
- Includes a mechanism for excluding high financial viability risk respondents, where risks cannot be appropriately managed.
- Requires each respondent to submit a certified declaration on the financial viability of the respondent, before or when submissions are lodged. The declaration should attest to the financial position and financial strength of the business and specific issues that could impact on operations over the course of the proposed contract. The declaration should also address legal risks and any unmitigated risk exposures.

The requirements for the financial viability assessment should be considered when planning the procurement activity. In designing the tender process, Council officers should consider what financial information will be necessary for respondents to provide with their response to enable Council to assess financial soundness. The documents required depend on the risk of the project.

Financial viability assessments may include (dependent upon the scale, scope and relative risk of the proposed project):

- Analysing expected annual contract value in comparison to supplier turnover and setting an appropriate limit.
- Assessment of current financial statements and history of financial performance including considering profitability, net assets, level of capital and the application of associated relevant financial ratios.
- Review of credit agency reports including credit rating. Ratings agencies can be a source of background information and financial viability information which can support a consideration of supplier financial viability. In addition, regulatory registry information, including that held by the Australian Securities & Investments Commission, the Australian Business Register and various State and Territory registers can provide useful information for consideration in financial viability assessments.

1.6.2. Price

Unless otherwise approved by the Strategic Procurement and Contracts Team and/or the relevant Director, all public tenders and formal Requests for Quotation shall be conducted on the basis that 'Price' (Quantitative) is weighted at a minimum of 10% as part of the evaluation criteria.

1.6.3. Local preference/benefit

Driving value for money is the primary purpose of the Policy. All Procurement activities must achieve the best return and performance for the money being spent, practising good governance utilising public money; however, price is not the sole indicator of value. A major contributor to value for Council and the community is the benefits to the economy gained by utilising local businesses.

Council encourages the development of competitive local business within the Boroondara municipality and its adjoining municipalities. To support this, and, where possible, Council mandates a weighting of up to 10% for Local Benefit in all evaluations. The specific percentage is to be determined for each procurement activity according to the complexity, category, project type and/or discretion of the department responsible for that procurement activity. All suppliers will be requested to demonstrate local benefits to the Boroondara municipality. Local Benefit is defined in accordance with the table below:

Score (out of 5)	Local Supplier/Contractor ¹	Score (out of 5)	Local Content ²
5	Sole Office or Head Office within Boroondara municipality	5	85-100% of content is sourced ⁴ from within the Boroondara municipality
4	Branch Office within Boroondara municipality	4	60-84% of content is sourced ⁴ from within the Boroondara municipality

Score (out of 5)	Local Supplier/Contractor ¹	Score (out of 5)	Local Content ²
3	Local Subcontractor(s) or employees conducting the majority ³ of works	3	45-59 % of content is sourced ⁴ from within the Boroondara municipality
2	Adjacent Local Government businesses	2	40-44% of content is sourced ⁴ from within the Boroondara municipality
1	All other Victorian locations	1	1-39% of content is sourced ⁴ from within the Boroondara municipality
0	All Other	0	0% of content is sourced ⁴ from within the Boroondara municipality

¹ Local Supplier/Contractor is defined as all physical workforce requirements (e.g. people, labour hire)

² Local Content is defined as all non-workforce requirements (e.g. equipment hire, materials, fuels, enabling services, etc.)

³ Majority is defined as more than 2/3 of the works

⁴ "Sourced" is defined as "purchased from," as opposed to the products origin or original point of manufacture.

The Local Benefit score is to be established through the use of a Suppliers Demonstrated Local Benefit Statement. When evaluating Local Benefit, the Demonstrated Local Benefit Statement it is to be used to determine whether the supplier is, or is contributing towards:

- The use of local materials, and/or assembly and fabrication in the region;
- Not locally based, but utilising local goods, materials or services;
- The use of local transport carriers, holding yards or distribution warehouses;
- The use of local Supplier/Contractors, sub-contractors/supplier and/or labour hire; and
- The level of local employment, apprenticeships, or other community or local business 'multiplier' benefit or effect on the region.

The use of the table above will depend on the type of procurement activity that is being evaluated. In some instances, both the "Content" and "Supplier/Contractor" categories will be applied, and an average of the two scores is to be used in the evaluation. If there is an anticipated absence of local Supplier/Contractors or content for a procurement activity, this does not permit the removal of the Local Benefit weighting from the evaluation criteria without approval from the Procurement Team and/or Director.

1.6.3.1. Local Price Advantage (under \$250,000 only)

For all procurement with an expected worth less than \$250,000, if the best pricing is not from within the Boroondara municipality business but the local business's price is within 5% of the price from a business outside the Boroondara municipality, then the local business must be selected, if a like-for-like comparison is available, and where all other criteria evaluated are the same between the local business and the business outside the Boroondara municipality.

1.6.4. Social

Council will seek to advance social objectives to benefit the community by purchasing from for-social benefit entities, and indirectly by including social clauses in its contracts with private sector providers and screening supply chains for ethical considerations.

To support this, Council mandates, where possible, a weighting of up to 10% preference in the evaluation of proposals that are from:

- Social Enterprises or include Social Enterprises in their supply chain; and/or
- Aboriginal businesses or include Aboriginal Suppliers in their supply chain.

1.6.5. Environmental

Council seeks to make procurement decisions that align with Council's key strategic commitment to environmental sustainability. This will be achieved by promoting:

- Green purchasing (i.e. making purchases that use materials made of recycled content, are energy efficient and greenhouse friendly or are second hand/refurbished);
- Reduced greenhouse gas emissions;
- Reduced waste to landfill and the increase of the amount of waste recycled;
- Reduced water consumption and the improvement of water management;
- Improved environmental management in Council's supply chain;
- The selection of products/services that have minimal effect on the depletion of natural resources and biodiversity; and
- Improved adaptability to climate change.

To support this, Council mandates, where possible, a weighting of up to 10% preference in the evaluation of proposals in relation to demonstrating the:

- Supplier's commitment to environmental sustainability; and
- Supply of products/services that have a relatively lower environmental impact.

As part of the environmental sustainability evaluation, Council officers may seek details relating to the supplier's commitment to environmental sustainability, including information in relation to:

- environmental management systems;
- any actions to improve environmental credentials;
- environment policy; and/or
- any activities to manage environmental impact.

As part of the product/service environmental impact evaluation, Council officers may seek to assess suppliers against any relevant industry standard that exist. In this regard, it may be difficult to assess

suppliers against one another given the many different approaches to environmental management. Council officers will need to make a balanced judgement against multiple competing standards.

Council will also include any minimum environmental standards that are:

- required in the specifications released to market; and
- considered highly important in its contracts.

1.7. Shortlisting

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

Shortlisted vendors may be invited by the Council to submit a best and final offer in relation to all or certain aspects of their respective proposal.

1.8. Evaluation Report

Evaluation panels will produce a written report of their evaluation using the appropriate prescribed template. The evaluation report, approved by the relevant delegate, must document the results of the evaluation and a demonstration of the robustness of the procurement process.

For engagements under \$500,000 excluding GST, the written evaluation and recommendation must include details of all suppliers contacted and their quotations and must only be approved and signed off by an appropriate Council officer in accordance with their respective financial delegation and procurement authority limit.

For engagements of \$500,000 excluding GST or above, the evaluation report must accompany a Council report as a confidential attachment.

The evaluation and recommendation document including the original suppliers' quotations or Best and Final Offer and the evidence of formal approval and sign-off must be maintained in Council's electronic document management system.

2. Contracts

2.1. Contract negotiations

Once a preferred supplier(s) is/are selected, negotiations can be conducted in order to obtain the optimal solution and commercial arrangements, providing scope remains within the intent of the tender. Probity requirements apply to all negotiations.

2.2. Contract management

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

- Establishing a system monitoring and achieving the responsibilities and obligations of all parties under the contract.

- Providing a means for the early recognition of issues and performance problems and the identification of solutions.
- Adhering to the Council's risk management framework and relevant work Health and Safety and sustainability requirements.

Council contracts are to include contract management requirements commensurate with the complexity of the procurement.

Furthermore, contracts are to be proactively managed by the member of Council staff responsible for the delivery of the contracted goods, services or works to ensure the Council and therefore the community, receives Value for Money.

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

2.3. Debrief

A debrief notification is mandatory regardless if the Supplier was successful or unsuccessful. A debrief must be provided to all unsuccessful suppliers upon request however, cannot take place until the procurement activity is finalised and approved by the relevant financial delegate. Council officers should remain cognisant of any confidentiality requirements; however, are authorised to disclose the name of the successful supplier and the price that was accepted.

This session may provide the supplier with enough information to assist them to improve responses and/or performance in the future, and must not be a comparison session to the successful supplier.

Details of debrief feedback sessions to suppliers should be fully documented in the Electronic Document Management System.

Guideline: Exemption Definitions



Guideline: Exemption Definitions

The circumstances set out in the table below are exempt from the general tender, request for proposal, quotation and expression of interest requirements of the Boroondara City Council Procurement Policy.

Procurement Policy exemptions are subject to formal approval processes from the relevant director, including the preparation of the Exemption Request template where there is justification for not seeking the minimum number of quotes, and the value is under \$500,000 excluding GST.

The following circumstances to be exempt from the Procurement Policy are subject to formal CEO approval using the CEO Exemption Application template:

Where a contract is due to expire and:

- there is an ongoing need for the goods, services or works provided under the original contract
- the goods, services or works provided under the original contract cannot conveniently or economically be provided or undertaken by anyone in the market other than the original contractor; and
- the proposed new contract with the original contractor has been assessed to ensure that it continues to represent best value for money;
- where inquiries into the relevant market have revealed that there is only one supplier or provider, or one viable supplier or provider, of the goods, services or works to be procured; and
- where the Chief Executive Officer is satisfied, on reasonable grounds, that not going to market will produce a better, or better value, outcome for Council.

Exemption Name	Explanation, limitations, responsibilities and approvals
1. Genuine emergency or hardship	<ul style="list-style-type: none"> Where the Council has resolved that the contract must be entered into because of an emergency (e.g. to provide immediate response to a natural disaster).
2. A purchase from a contract made by another government entity, government-owned entity or other approved third party	<ul style="list-style-type: none"> This general exemption allows engagements with another government entity or government owned entity. For example, Federal, State or Local Government or an entity owned by the Federal, State or Local Government. Contracts and arrangements established by another government entity, local authority or local government group purchasing scheme, Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement Australia (PA).
3. Extension of contracts while Council is at market	<ul style="list-style-type: none"> Allows Council to extend an existing contract for a period of no more than six months where the procurement process to replace the contract has commenced, and where the tender process or negotiations will take or have taken longer than expected. This exemption may be used when the establishment of an interim short-term arrangement is considered not to be in the public interest, as it may be cost prohibitive and/or present a risk in the delivery of critical public services to the municipality.
4. Professional services where tendering may be	<ul style="list-style-type: none"> Legal Services.

**Boroondara City Council
Procurement Framework
Exemption Guideline**

Exemption Name	Explanation, limitations, responsibilities and approvals
inappropriate	<ul style="list-style-type: none"> Municipal Association of Victoria for Liability Mutual Insurance Services
5. Novated Contracts	<ul style="list-style-type: none"> Where the initial contract was entered into in compliance with the Procurement Policy and/or Local Government Act 2020 (Vic) and due diligence has been undertaken in respect to the new party.
6. Information technology resellers and software developers	<ul style="list-style-type: none"> Allows Council to renew software licenses and maintenance and support, or upgrade existing systems, where there is only one supplier of the software, who holds the intellectual property rights to the software.
7. Regional Waste Management Groups	<ul style="list-style-type: none"> Situations where a Regional Waste Management Group constituted under section 50F of the Environment Protection Act 2017 (Vic) had already conducted a public tender for and on behalf of its member councils.
8. Statutory Compulsory Monopoly Insurance Schemes	<ul style="list-style-type: none"> Motor vehicle compulsory third party WorkCover
9. Operating Leases	<ul style="list-style-type: none"> Where a lessor leases an asset (generally a vehicle or plant and equipment) to the Council and assumes the residual value risk of the vehicle.
10. Variations under contract	<ul style="list-style-type: none"> Where a variation occurs the delegation is defined by the value of the variation, not by the value of the whole contract. An officer with a sub-delegation from the Chief Executive Officer or Council may vary a contract to the limit in the delegation. Approved budget must be available for all variations.
11. Other specific Council exemptions	<ul style="list-style-type: none"> Utility companies. Specific Council exemptions will be reviewed and update from time to time.

Guideline: Governance, Risk and Controls



Guideline: Governance, Risk and Controls

1. Governance

1.1. Structure

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

- Are flexible enough to purchase in a timely manner the diverse range of goods, works and services required by Council.
- Guarantee that prospective contractors and suppliers are afforded an equal opportunity to tender or submit a quote.
- Encourage competition.
- Ensure policies that impinge on the purchasing policies and practices are communicated and implemented.

1.2. 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 2020](#) (Vic) (the Act);
- Council's policies such as but not limited to the Procurement Policy, the Purchasing Card Policy;
- Council's procedures such as but not limited to the Procurement Guidelines and Contract Management Manual;
- Council's codes of behaviour such as but not limited to the Code of Conduct, and Gifts and Benefits policies;
- Victorian Local Government Best Practice Procurement Guidelines¹; and
- other legislative requirements such as but not limited to the:
 - [Competition and Consumer Act 2010](#) (Cth)
 - [Goods Act 1958](#) (Vic)
 - [Charter of Human Rights and Responsibilities Act 2006](#) (Vic)
 - [Modern Slavery Act 2018](#) (Cth)
 - [Environmental Protection Act 2017](#) (Vic)

¹ This requirement will apply upon finalisation of the re-issue of the Victorian Local Government Best Practice Procurement Guidelines which are currently under review.

- [Child Wellbeing and Safety Act 2015](#) (Vic).

1.3. Procurement roles and responsibilities

1.3.1. Procurement Team

Council maintains a procurement function responsible for:

- Maintaining the Procurement Policy and associated guidelines, processes and procedures.
- Maintaining appropriate purchasing, procurement and contract management systems and tools.
- Providing procurement-related advice, support and guidance to the organisation.
- Building organisational procurement and contract management capability (including delivery of training and provision of guidance materials).
- Promoting awareness of and monitoring compliance with the Procurement Policy and all relevant legislation and reporting breaches and corrective actions in a timely manner.
- Collaborating with other councils and organisations to identify best practice in and achieve better value from procurement.

1.3.2. 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 or award contracts outside of the requirements specified in the procurement authority limits.
- Not authorise or write multiple purchase orders to avoid the authorisation process requirements or their procurement authority.
- 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.
- 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 the Finance System when the goods, services or works are ordered and not post an invoice being received.
- Ensure that expenditure is 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 the Finance System.

1.3.3. RACI matrix

A RACI Matrix (Responsible, Accountable, Consulted, Informed) describes the participation by various roles in completing tasks or deliverables for a procurement activity.

Council officers should refer to the procurement RACI matrix set out in **Schedule 1** of this Guideline to understand who is involved in the various stages of the procurement activity at Council.

1.4. 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 activity 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 the Procurement Policy and the associated guidelines.

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. Risk management

The principles of risk management are 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 the Council's capability to prevent, withstand and recover from personal injury, property damage, reputational loss, financial exposure and interruption to the supply of goods, services and works.

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

The provision of goods, services and works by a supplier potentially exposes Council to risk. The Council will minimise its risk exposure through measures including, but not limited to:

- Providing sufficient planning and lead-time for procurement preparation and consideration.
- Using appropriate Council standard-form contracts provided by Council's Strategic Procurement and Contracts team or Australian Standard contracts which include current, relevant clauses to mitigate risk to Council.
- All significant or unusual contract departures should be reviewed and negotiated by Council's Corporate Legal Counsel prior to the award of the contract. Copies of all communication between Corporate Legal Counsel and the preferred supplier will be saved in the Council Record Management System as evidence of review and approval of non-standard contracts.
- Council's Corporate Legal Counsel will review all non-standard contracts, and may review standard contracts that have agreed departures included, prior to the contract being disseminated for execution.

- Requiring security deposits, where appropriate.
- Referring specifications to relevant experts, where appropriate.
- A copy of all executed contracts must be provided to the Strategic Procurement and Contracts Team prior to the commencement of procurement of any goods, services or work.
- Ongoing and timely Contract management.
- Effectively managing the contract including monitoring and enforcing performance.

3. Internal controls

Council will maintain a framework of internal controls over procurement processes, as set out in this Guideline and other procurement procedures documentation, which aims to ensure:

- More than one person is involved in and responsible for the authorisation of a transaction from end to end.
- Transparency in the procurement process.
- A clearly documented audit trail exists for procurement activities.
- Appropriate authorisations are obtained and documented.
- Systems are in place for appropriate monitoring and performance measurement.
- A process is in place for escalation, where appropriate, of procurement matters (including procedural non-compliance) to the executive leadership team, or the Audit and Risk Committee, or the Council as the circumstances require depending upon the nature of the procurement matter and in accordance with escalation protocols.

The framework of internal controls over procurement processes includes regular internal audit review of procurement activities and audit by Council Strategic Procurement and Contracts team of compliance with the Procurement Policy and the supporting guidelines.

3.1. Segregation of duties

To ensure adequate internal control, it is important that more than one person is involved in and responsible for a transaction end to end. The following segregation of duties shall be maintained through the procurement process:

- Employees with access to create purchase orders in the finance system must not have access to add or change supplier account records.
- Purchasing Officer must not approve the receipt of goods and/or services against a purchase order that they were responsible for generating in the Finance System.
- Employees who enter accounts payable invoices must not approve payment of those invoices - an employee independent of the invoice entry process must approve invoice payments.

Any deviation to the above will be documented and endorsed at Manager Level (or higher level if involves duties of the manager).

3.2. Reporting suspicious activities

All Council staff, Councillors, contractors and other service providers are required at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. Council is committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits.

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

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

The CEO must notify the Independent Broad-based Anti-corruption Commission of any matter they suspect on reasonable grounds to involve corrupt conduct occurring or having occurred in accordance with mandatory reporting requirements under the [Independent Broad-based Anti-corruption Commission Act 2011](#) (Vic).

4. Procurement complaints management

Council's procurement complaints management system gives a supplier involved in a procurement activity, or an agent acting in the interests of the supplier, mechanisms to raise concerns about how Council manages a procurement activity.

To maintain high standards of probity, Council will handle procurement complaints in a consistent, fair and transparent manner. Council will ideally resolve procurement complaints - to the satisfaction of both parties - within Council. Escalating procurement complaints to outside parties can result in added costs and delays in delivering procurement activities.

Note: for the procurement complaints management process to apply, a complaint must relate to a procurement process issue raised by an external supplier. Matters of improper conduct, corruption or fraud etc. are to be dealt with under other existing Council processes, such as Council's [Fraud and Corruption Control Policy](#).

Procurement complaints raised by an external supplier will be managed in accordance with the process set out in **Schedule 2** of this Guideline. Non-procurement related complaints are to be dealt with under the Council's general [Complaints Handling Policy](#).

5. Monitoring and performance measurement

The Strategic Procurement and Contracts Team will monitor procurement activity on an ongoing basis with respect to annual procurement activity and compliance with key internal controls.

In addition, Council's framework of internal controls over procurement processes includes regular internal audit review and audit by Council Strategic Procurement and Contracts team.

5.1. Procurement performance targets

To help maximise the achievement of best value, Council has set performance targets for:

- The achievement of savings and benefits in the procurement of goods, services and works (up to 5% benefit on repetitive services and 2% benefit on one-off projects where strategic procurement practices have been employed).
- The percentage of spend with local businesses in accordance with the guidance set out in the Evaluation and Negotiation Guideline.
- The percentage Sustainable Procurement spend in accordance with the guidance set out in the Sustainable Procurement Guideline i.e. sustainable goods and services and social enterprises.

5.2. Performance indicators

Council will seek to improve its procurement performance by capturing and analysing data on key performance indicators (KPIs) including:

- Extent of contracts delivered on time and on budget.
- New Collaborative Procurement contracts.
- New preferred supplier (panel) contracts where the panel has been established by Council.
- The number of Local Businesses engaged and proportion of local spend.
- Level of compliance with the Procurement Policy.
- Annual spend with local businesses.
- Annual spend on sustainable goods and services.
- Annual spend with social enterprises.
- The return on procurement investment ('ROPI'). This procurement KPI is used to determine the profitability and cost-effectiveness of the investment in the procurement function and the associated activities. ROPI is not just based on the financial aspects of procurement, but rather overall improvements in procurement activities i.e. financially and operationally. It is calculated as follows.
 - $ROPI = \text{annual cost savings} / \text{annual procurement cost}$.
 - Annual cost savings may include spend reduction, increased budget control through use of workflows, people cost savings through reduced manual purchase processes, improved spend visibility, risk reduction (security of supply, financial stability, sustainability) and cost avoidance.
 - Annual procurement cost includes salaries and on-costs, floor space cost, cost of ICT systems etc.

A memorandum detailing actual performance against these indicators will be presented annually to the Executive Leadership Team.

**Boroondara City Council
Procurement Framework
Governance, Risk & Controls Guideline**

Schedule 1 – Procurement RACI (Work in Progress - to be completed)

Procurement Process RACI													
	Activity	Step	Council	CEO	CFO	Executive	Procurement & Contracts Manager	Procurement & Contracts Team	Business Unit	Legal Unit	Supplier	Description	
Procurement Strategy	Sourcing Governance	Develop sourcing strategy										Create a plan for procuring materials & services	
		Clarify purchasing requirements										Defining the purchasing requirements for goods & services	
		Establish procurement management contingency plans										Developing a strategy to deal with issues projected to arise during implementation	
		Match needs to supply capabilities										Synchronising the requirements of goods & services & the capacity of suppliers for providing these materials & services	
		Analyse Council's spend profile										Evaluate the spend profile of Council. Collect, cleanse, classify, & analyse procurement data with the purpose of reducing procurement costs, improving efficiency, & monitoring compliance	
		Seek opportunities to improve efficiency & value										Seeking the most efficient sourcing & procurement opportunities	
		Collaborate with suppliers to identify sourcing opportunities										Collaborate in order to determine new opportunities for sourcing	
Procurement Plan	Needs Analysis	Collaborate with regional or neighboring governments for sourcing										Collaborate in order to determine new opportunities for sourcing	
		Develop sourcing & category management strategies										Deploying a strategic sourcing methodology to segment the majority of Council spend based on external supply markets to reduce the cost of buying goods & services, reduce risk in the supply chain, & maximise value delivered from the supply base	
		Market Study	Describe the need - What, Why, Where, When, How						I	R			Business needs & value drivers
			Define SLA's &/or KPI's for supplier management						I	R			Formats, delivery location, etc.
			Constraints						I	R			Constraints (resources, technical skills, etc.)
			Estimate budget						C	R			Budget allowance or estimates (as based on history) (if available)
			Submit Purchase Requisition						I	R			Use budget or cost estimate to submit
	Define base price if available							R	C			Calculate base price if spend history is available	
	Draft Needs Analysis Briefing Note							I/C	R			Written summary of need including delivery deadline	
	Plan Development	Internal check of Council's aggregated needs						R	C			Determine if other business units are undertaking similar procurement	
		External review of supplier market						R	C			Determine if solution is industry standard or innovative	
		Expression of interest (where required)						R	C			Non-binding market study to validate strategy/solution	
		Challenge needs or solution						R	C			Determine if there is a better solution to fulfill need	
		Identify cost drivers						R	C			Identify appropriate cost drivers & influencers of the market	
		Need & supply assessment						R	C			Stakeholder review of needs analysis & supply assessment	
		Define supplier criteria						R	C			Set supplier criteria necessary to support strategy	
	Proposal	Define price targets						R	I				
		Determine if Service Agreement is necessary						R	C			Stakeholder review to define procurement strategy & objectives	
		Define procurement strategy & objectives						R	C			Opportunity for stakeholders to provide recommendations	
		Propose suppliers						A	R			Creation of the supplier list using criteria defined	
		Identify qualified suppliers						R	A			For use in evaluation of proposals	
		Define proposal technical evaluation criteria						A	R			To ensure sourcing activity is delivered on time	
		Set procurement schedule						R	A				
	Proposal Approval	Align scope specifications with service delivery goals						C	R			Include expectations, scope, schedule & known deliverables	
		Draft requirements document for procurement						R	C			Review with key stakeholders to ensure completeness	
		Review & validate requirements document						R	A			Development of questions to ensure consistent & detailed answers from suppliers	
		Draft questions to suppliers						R	C	I/A		May expedite the contract negotiation process by inclusion in proposal	
		Draft commercial elements to contract template (i.e SLA's & KPI's)						R	C			Complete the documentation	
Draft/assemble proposal document							R	C			Validation of content by key stakeholders		
Final review by business & Procurement							R	A					
Sourcing	Publish Proposal	Proposal recommendation											
		Proposal approval											
		Publish proposal						R	I			Appropriate to sourcing strategy & associated procurement threshold	
		Coordinate Q&A Process						R	I			Consolidate supplier questions & circulate to key stakeholders	
	Proposal Evaluation	Coordinate clarifications of requirements						R	A			Update the suppliers with scope changes or clarifications derived from Q&A	
		Coordinate receipt of proposals						R	I			Secure proposals & distribute copies to key stakeholders	
		Coordinate/schedule presentations						R	I		I	Inform suppliers of meeting schedules & how to prepare	
		Coordinate supplier communications						R	I			Inform suppliers of next steps	
	Negotiation & Approval	Moderation of bids						R	I			Ensure supplier proposals are comparable	
		Cost assessment						R				Review competing bids & benchmarks	
		Technical assessment						C	R			Business technical review of proposal	
		Legal assessment of proposed contract exceptions (where required)						R		A		Evaluation of RFP contract template exceptions & legal risks	
	Contract Validation	Procurement evaluation						R				Evaluation of costs, commercial risk, & quality of deliverable descriptions	
		Procurement negotiation						R				Negotiate with all suppliers on Price, SOW, T&C's	
		Short list suppliers						R	A			Shortlist to 1-3 suppliers	
		Coordinate supplier communications						R	I			Inform suppliers of next steps	
Contract Management	Purchase Order	Procurement negotiations					R					Negotiate with short listed suppliers on Price, SOW, T&C's	
		Procurement review						R	A	C		Post negotiations review	
		Procurement negotiations						R	C	A/C		Negotiate with preferred supplier on Price, SOW, T&C's	
		Sourcing recommendation											
	Manage Suppliers	Sourcing approval											
		Contract draft validated						R	A	I			Review initial draft with business, procurement & legal to avoid delays
		Send contract to supplier for review						R	I	I	I		
		Validate fall back positions with key stakeholders						R	A	C			Review with key stakeholders to ensure needs are met & risk is low
	Purchase Order	Identify issues & escalate if required						R	A	I			Seek senior management support if needed
		Finalise negotiated contract						R	I	I			Close open issues, distribute for supplier signature
Contract Management	Purchase Order	Contract signed by supplier									R		
		Contract signed by Council authorised representative						R					Legal/procurement will retain originals of each contract
		Contract recorded						R	I	I			PR creation & route for approvals
		Deliver validated Purchase Requisition						I	R				Business uses validated PR to create PO
	Manage Suppliers	Create Purchase Order						R					Finance system validation
		Validate Purchase Order						R					Either PO or notification from business
		Issue Purchase Order to supplier						R	I				
		Purchase Order acknowledgement						I	I		R		
	Manage Suppliers	Monitor/manage supplier information											Examine procurement & vendor performance. Report delivery timing & quality of the goods & services procured
		Prepare/analyse procurement & supplier performance											Assist the business through information & reports created. Use information & metrics of procurement & vendor performance to enhance or improve processes
Contract Management	Manage Suppliers	Monitor quality of product delivered										Track the performance of the suppliers on product quality. Use this information to further improve sourcing & supplier performance	
RACI Key													
		Responsible										This role conducts the actual work & owns the step above, generally only one "R" exists in a workflow.	
		Accountable										This role approves the completed work & is held fully accountable for it.	
		Consulted										This role has the information &/or capability to complete the work. Two way communication between "R" & "C".	
		Informed										This role is to be informed of the progress & results. One way communication from "R", or "A" or "C".	

Schedule 2 – Procurement Complaints Management Process

Effective handling of procurement complaints demonstrates that Council places a high level of importance on the way it conducts procurement and how it interacts with the market.

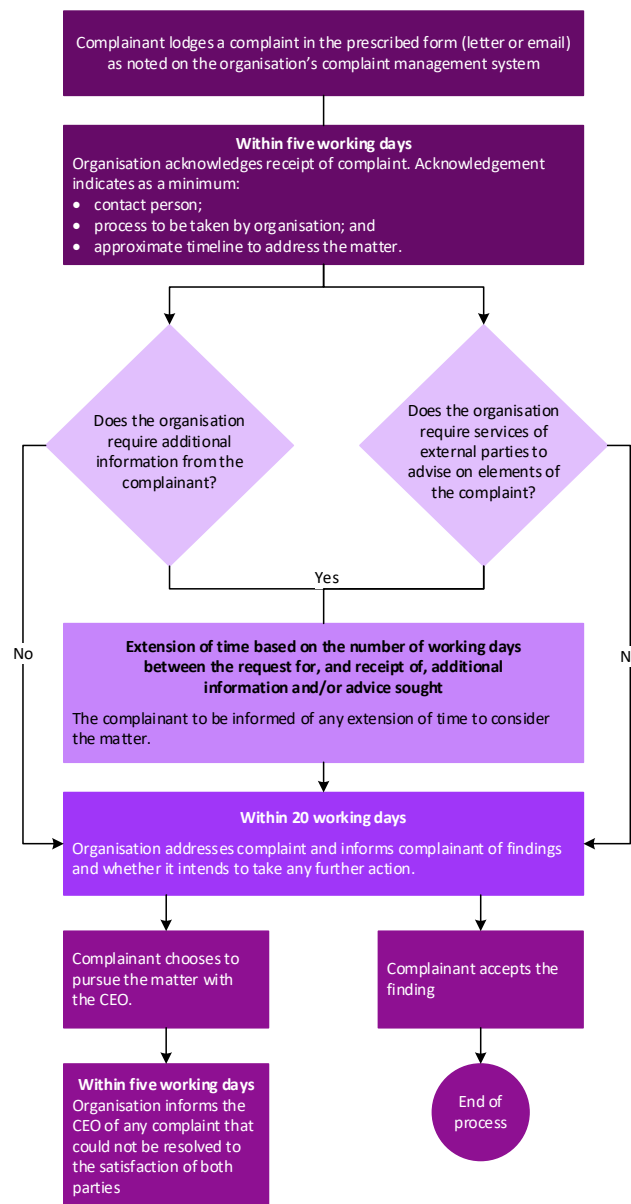
Council's procurement complaints management system gives a supplier involved in a procurement activity, or an agent acting in the interests of the supplier, mechanisms to raise concerns about how Council manages a procurement activity.

To maintain high standards of probity, complaints need to be handled in a consistent, fair and transparent manner. Complaints will ideally be resolved—to the satisfaction of both parties—within Council. Escalating complaints to outside parties can result in added costs and delays in delivering procurement activities.

A procurement complaint is an issue or concern expressed by a supplier in relation to the process and probity applied by Council when carrying out a procurement activity. The complaint should be a letter, email or fax lodged with the Strategic Procurement and Contracts Team.

To demonstrate impartiality when investigating a complaint, the Council officer managing the complaint needs appropriate knowledge of procurement policies and relevant processes. They must not be directly involved in the subject matter of the complaint.

The figure below sets out the recommended schedule of timelines for managing complaints.



The figure above sets out the timelines for managing complaints in 10 steps. The following step-action table explains the contents of the figure.

Council officers should follow the 10 steps below for the recommended timelines for managing complaints:

Step	Action
1	Complainant lodges a complaint in the prescribed form (letter or email)
2	Within 5 working days Council officer acknowledges receipt of complaint. Acknowledgement indicates as a minimum:

Step	Action
	<ul style="list-style-type: none"> • Contact person • Process to be taken by the organisation • Approximate timeline to address the matter
3	<p>Does the Officer require additional information from the complainant?</p> <p>If yes, the go to step 4</p> <p>If no, then go to step 6</p>
4	<p>Does the Officer require the services of external parties to advise on elements of the complaint?</p> <p>If yes, go to step 5</p> <p>If no, go to step 6</p>
5	Extension of time based on number of working days between the request for, and receipt of, additional information and / or advice sought
6	<p>Within 20 working days</p> <p>The Officer addresses complaint and informs complainant of findings and whether it intends to take any further action</p>
7	<p>Does complainant accept the finding?</p> <p>If yes, go to step 8</p> <p>If no, go to step 9</p>
8	End of process
9	Complainant chooses to pursue matter with the CEO
10	<p>Within 5 working days</p> <p>The Officer informs the CEO of any complaint that could not be resolved to the satisfaction of both parties.</p>

Complaints referred to the CEO

If the complaint cannot be resolved to the satisfaction of both parties, the complainant may refer the matter to the CEO for review.

Guideline: Value for Money Criteria



Guideline: Value for Money Criteria

1. What is VFM for the City of Boroondara?

Value for money ('VFM') is an overarching principle governing procurement that allows the best possible outcomes to be achieved for the City of Boroondara and its community.

VFM underpins Council procurement. It is the achievement of a desired procurement outcome at the best possible price - not necessarily the lowest price - based on a balanced judgement of financial and non-financial factors relevant to the procurement. It supports the concept that better outcomes can be achieved when resources are used more efficiently and are procured in a more competitive market.

VFM takes into account the total cost of procurement from planning to disposal and everything in between. This is commonly known as total cost of ownership.

It is important to note that compliance with the specification is more important than obtaining the lowest price, particularly taking into account end user requirements, quality standards, sustainability, life cycle costing, and service benchmarks.

An assessment of the best VFM outcome for any procurement activity should consider:

- All relevant whole of life cycle costs (for goods) and whole of contract life costs (for services) including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as, but not limited to, holding costs, consumables, deployment, maintenance and disposal.
- The technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality.
- Financial viability and capacity to supply without risk of default (competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history).
- A strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable.
- Social and environmental impacts and support for local industry or employment.
- Meeting the needs of our community.

2. When to implement VFM?

Council is committed to achieving VFM in all procurement activities. It is therefore a key driver in any procurement engagement. VFM needs to be considered at the front end of the procurement process during spend analysis, category identification, complexity assessment and supply market analysis. This identifies the key VFM drivers that give context to subsequent stages of procurement.

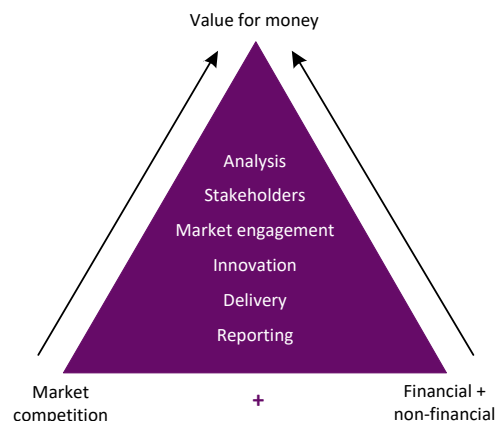
Considering VFM during the market analysis stage can identify opportunities to leverage competition and market dynamics, promote productivity and take advantage of innovations in the market.

It is also worth considering VFM at later stages of the procurement process, such as contract management to drive continuous improvement during the contract period.

3. Applying and measuring VFM

There is no universal formula for measuring VFM in procurement. VFM takes into account the entire mix of quality, costs and resources, as well as fitness for purpose, timelines and risk. Financial and non-financial factors are both critical elements for measuring VFM.

The following figure shows VFM drivers aligned against key elements of the procurement process.



Council officers will identify and measure relevant VFM drivers as shown in the VFM driver's checklist below.

Procurement process elements			VFM drivers
Planning	1	Planning	Have procurement decisions been made in an accountable and transparent manner?
			Is the procurement aligned with the business strategy of the organisation?
			Has the business unit considered the capacity for this procurement to achieve better results, using the same resources?
			Is the procurement process maximising competition in the market?
			Have the financial and non-financial outcomes been defined?
			Has the performance history of each prospective supplier been considered?
Financial and non-financial	2	Financial and TCO	Does the procurement have the flexibility to adapt to possible change over the life of goods/service?
			What are the financial considerations of direct/indirect benefits of the procurement?
			Is the good/service procured fit for purpose?
			Are the whole of life costs commensurate with budgeting and long term financial goals?

**Boroondara City Council
Procurement Framework
Value for Money Guideline**

Procurement process elements			VFM drivers
	3	Non-financial factors	Are the transaction costs associated with acquisition, use/holding, maintenance and transaction/re use/recycle costs related to disposal been considered and deemed appropriate?
			Does the procurement seek to achieve/advance Council policy objectives?
			Are the stakeholders involved satisfied?
			Has the procurement had a positive effect on community/client participation?
			Has there been a flow-on effect on innovation in the market place?
			Have resources been used efficiently so as to maximise customer service levels, minimise lead times, and optimise inventory levels?
			To what extent has the procurement addressed environmental sustainability?
	4	Quality of procurement	Is there an adequate level of quality of service?
			Is there an adequate level of support?
	5	Contract management and delivery	Is there opportunity for the evaluation of contract options?
			Has the 'optimum' balance between cost and non-cost factors been achieved?
			How has 'value' been described in contract?

4. Total cost of ownership

Calculating the total cost of ownership ('TCO') includes a 'whole of lifecycle' analysis. It estimates the accumulated costs of acquiring, operating, maintaining and disposing or decommissioning procured goods or services, including revenue from disposal. The following figure illustrates the important elements to include in a TCO analysis.

**Boroondara City Council
Procurement Framework
Value for Money Guideline**



Council officers should:

- Apply a standard three to five year contract timeframe, including options to extend; and
- Identify cost increases arising from Consumer Price Index and Carbon Pricing Mechanism adjustments.

5. Scope of application

There are a number of ways (or metrics) to analyse cash flow to calculate TCO. For example, net present value, return on investment, and internal rate of return. These metrics are most applicable to procurement activities assessed as high risk/high value/high complexity, and also require specialist capability.

For most procurement activities assessed as transactional or of a low risk/low value nature, Council officers can apply a standard TCO framework as set out above.

6. Competition and market development/innovation

Competition and contestability are important drivers in achieving VFM. However, participation in a procurement exercise is a cost to suppliers and is particularly significant for SMEs. The cost of unsuccessful bids by an SME can be a major disincentive to participation. These costs should be considered when selecting a market engagement strategy. Letting the market know that VFM is an important consideration, alerts suppliers to the fact that they can include product and service enhancements and innovation when submitting a bid.

7. Non-financial factors

Non-financial aspects of VFM can be more difficult to measure. However, these indicators can be used to predict the overall value of the procurement. Non-financial factors are best measured on a case by case basis. Variables include stakeholder satisfaction, community/client participation and outcomes outside of the intended procurement objectives.

Examples of benefits that can arise from procurement include:

- enhancing market competition;
- job creation;
- economic and social benefits of procuring from Victorian SMEs, and not for profit organisations;
- reducing carbon footprint; and
- encouraging innovation and productivity in a particular industry sector.

During the evaluation process for any procurement activity, Council may apply the weightings set out below in relation to sustainable procurement principles:

- Local benefits - up to 10%;
- Social impact – up to 10%; and
- Environmental sustainability – up to 10%.

Refer to the Sustainable Procurement and Procurement Evaluation and Negotiation guidelines for further information.

7.1. Measuring non-financial factors

There are multiple methodologies for measuring non- financial factors including welfare economics and equity economics, etc. which have particular relevance to procurement of strategic importance or where there is significance/social impact.

However, for the majority of goods and service where the procurement is of a transactional and low risk nature, a simple approach using KPIs is recommended.

7.2. Using KPIs

Council officers will determine a range of performance objectives relevant to the procurement as shown in the non-financial performance indicators checklist below.

- Innovation
- Quality
- Risk mitigation
- Victorian SME/NGO participation
- Supplier ethics
- Enhancing competition

**Boroondara City Council
Procurement Framework
Value for Money Guideline**

- Environmental practices
- Intellectual transfer of knowledge
- Market development/productivity
- Economic development/productivity
- Social Procurement.

Guideline: Social and Sustainable Procurement



Guideline: Social and Sustainable Procurement

Council commits to applying principles of sustainability to all of its decision-making and activities and, as such, encourages diversity, acceptance, fairness, compassion, inclusion and access for people of all abilities through procurement. In addition, Council applies sound contracting principles to its procurement activity. Accordingly, Council will give regard to the following elements when making procurement decisions.

Principles	Objectives
1. Economic	
<p>Council is committed to procurement that supports local business and economic diversity.</p> <p>Where practicable Council will give preference to goods manufactured or produced in Australia and will actively seek quotes and tenders from Local Businesses whilst:</p> <ul style="list-style-type: none"> • Ensuring Value for Money (VFM) outcomes. • Ensuring open and effective competition, and development of competitive local business and industry. • Fostering innovation and emerging sectors. <p>Council seeks a direct local benefit through procurement that:</p> <ul style="list-style-type: none"> • Supports local businesses – during the evaluation process for any procurement activity, Council may apply a weighting of up to 10% in relation to local benefits as part of the VFM assessment. Refer to the VFM and Procurement Evaluation and Negotiation guidelines for further information. • supports local communities • encourages local business to act as sub-contractors to existing suppliers and panels • involves early local market engagement. 	<p>Councils economic sustainability commitment and approach aims to:</p> <ul style="list-style-type: none"> • Achieve VFM on a whole-of-life (including disposal) basis, rather than just initial cost - procuring goods and services that are more efficient to maintain and operate and thereby reduce operating costs. • Minimise life cycle impacts of products purchased. • Challenge demand at source, so as to avoid procurement in excess of needs. • Ensure probity and accountability in the procurement process. • Commit to source locally. • Build relationships with local businesses and encourage purchasing from local suppliers to help build their capacity. • Increase local employment.

**Boroondara City Council
Procurement Framework
Sustainable Procurement Guideline**

Principles	Objectives
2. Environmental	
<p>Council is committed to purchasing environmentally preferred products whenever they achieve an equivalent function. Within this context Council will consider the following environmental sustainability criteria:</p> <ul style="list-style-type: none"> • consideration of end of life options i.e. resource recovery, re-use, recycle and repurpose • minimise energy consumption and greenhouse gas emissions • minimise habitat destruction and demand for raw materials and natural resources • minimise toxicity and level of hazardous substances and pollutants • minimise use of potable water • use of 'green' supply chains that considers the whole life cycle of a product • use of 'Fairtrade' products • consideration of socially responsible and ethical practices • minimise noise pollution. <p>Where applicable, Council must include appropriate criteria in request for quotes and tenders to deliver environmentally preferable outcomes and deliver strategies to avoid and reduce climate change and support the circular economy. During the evaluation process for any procurement activity, Council may apply a weighting of up to 10% in relation to environmental sustainability as part of the VFM assessment. Refer to the VFM and Procurement Evaluation and Negotiation guidelines for further information.</p> <p>To support the achievement of objectives and targets within Council's sustainability</p>	<p>Council's environmental sustainability commitment and approach aims to:</p> <ul style="list-style-type: none"> • support the circular economy of reduce, reuse, recycle, and repurpose • prioritise purchases that have a high content of recycled material, minimise waste, conserve water and energy, reduce greenhouse gas emissions, avoid natural resource and biodiversity depletion, low toxic goods and minimise single-use plastic • support a 'green' supply chain • prioritise goods that will contribute towards Council's carbon neutral targets • improve resilience and adaptability to climate change • support sustainable building design, construction and furnishings • promote a market for recycled materials • support sustainable events and catering • foster innovation in sustainable goods and services • support social and ethical practices.

**Boroondara City Council
Procurement Framework
Sustainable Procurement Guideline**

Principles	Objectives
<p>strategies, Council is committed to minimising its impact on the environment by:</p> <ul style="list-style-type: none"> • Purchasing goods, services and construction material which reduces climate change, avoids air, water and soil pollution and minimises natural resource and biodiversity depletion. • Supporting suppliers that advocate for climate change and the circular economy and follow socially responsible and ethical practices in the supply chain. • Purchasing environmentally preferred goods and services whenever they achieve an equivalent function within an agreed budget. • Supporting businesses that practice sustainable on-site management e.g. sustainable waste management (with reference to the waste hierarchy and Circular Economy principles) and sustainable energy and water initiatives. 	
3. Social	
<p>Council encourages diversity, acceptance, fairness, compassion, inclusion and access for people of all abilities through procurement. In addition, Council is committed to building stronger communities and meeting social objectives which benefit the community and commits to integration of measures in its procurement processes and documentation which promote improved social outcomes.</p> <p>Where applicable, Council must include appropriate criteria in request for quotes and tenders to deliver social outcomes. During the evaluation process for any procurement activity, Council may apply a weighting of up to 10% in relation to social benefits as part of the VFM assessment. Refer to the VFM and Procurement Evaluation and Negotiation guidelines for further information.</p> <p>Council's social procurement strategies will be underpinned by the following considerations.</p>	<p>Council's social sustainability commitment and approach aims to meet the following objectives.</p>

**Boroondara City Council
Procurement Framework
Sustainable Procurement Guideline**

Principles	Objectives
3.1. Workplace	
<p>Council will:</p> <ul style="list-style-type: none"> Promote fair employment practices. Promote workforce welfare. Promoting workplace policies and practices aimed at ending bullying, harassment and discrimination Promote workplace policies and practices aimed at ending domestic and family violence. 	<ul style="list-style-type: none"> Fair wages Workforce equality Diversity Avoidance of bonded labour Work health and safety Zero tolerance of violence and harassment
3.2. Access and opportunity	
<p>Council will:</p> <ul style="list-style-type: none"> Create training and employment opportunities for unemployed, disadvantaged municipal residents or marginalised job seekers. Create opportunities for small, medium and social enterprises, Aboriginal and Torres Strait Islander and Disability Employment enterprises. Promote equity, diversity and equal opportunity. Provide for broad public involvement on issues that affect the community such as addressing complex local challenges such as intergeneration unemployment, crime, vandalism and economic decline. 	<ul style="list-style-type: none"> Maintain a social procurement program to increase social procurement spend across Council. Increase employment opportunities for Aboriginal and Torres Strait Islander peoples, people living with disability, disadvantaged people and long term unemployed. Ensure sourced products are accessible by all segments of the community.
3.3. Gender equity	

**Boroondara City Council
Procurement Framework
Sustainable Procurement Guideline**

Principles	Objectives
<p>Council's procurement will include the requirement for suppliers to provide:</p> <ul style="list-style-type: none"> evidence of gender equity in leadership, or prescriptive measures to address gender imbalance ratio of employment of men and women. 	<ul style="list-style-type: none"> Increase gender equity. Ensure suppliers can meet and/or address principles of gender equity in leadership and recruitment.
3.4. Ethical procurement	
<p>Council will:</p> <ul style="list-style-type: none"> Target cohorts that may be experiencing economic exclusion, depressed areas and marginalised communities Include social requirements in contracts with private sector providers to screen supply chains for ethical considerations. 	<ul style="list-style-type: none"> Ensure vendors apply inclusive and sustainable business practices. Prevent, detect and remove modern slavery from Council's supply chain.