

Guideline: Evaluation and Negotiation

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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**.

If the required above level is unable to chair the evaluation panel then they must be a scoring or non-scoring member of the evaluation panel.

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. *Proven Past and Relevant Experience*

Proven past and relevant experience is vital, particularly in Public Construction Procurement.

The requirements for the proven past and relevant experience assessment should be considered when planning the procurement activity. In designing the tender process, Council officers should consider what information will be necessary for respondents to provide with their response to enable Council to assess capacity and sound work practices. The allocated weighting for this criterion depends on the complexity, value and risk over the life of the proposed contract.

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

- Includes a question in the response schedules under the 'Proven Past and Relevant Experience' section for tenderers to disclose if their company has had any work safe criminal or civil action taken against them in any state or territory in the past five years and the court made an order against the company.

1.6.3. *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.

1.6.4. *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
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.

1.6.4.1. 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.

1.6.5. *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.

1.6.6. *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.

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: 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.

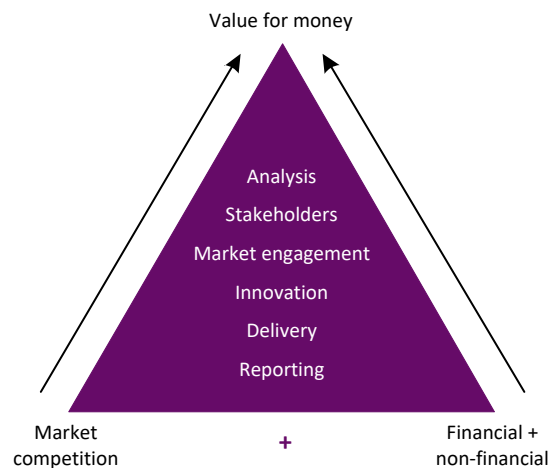
Considering VFM during the market analysis stage can identify opportunities to leverage competition and market dynamics, promote productivity and take advantage of innovations in the market.

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.

Planning

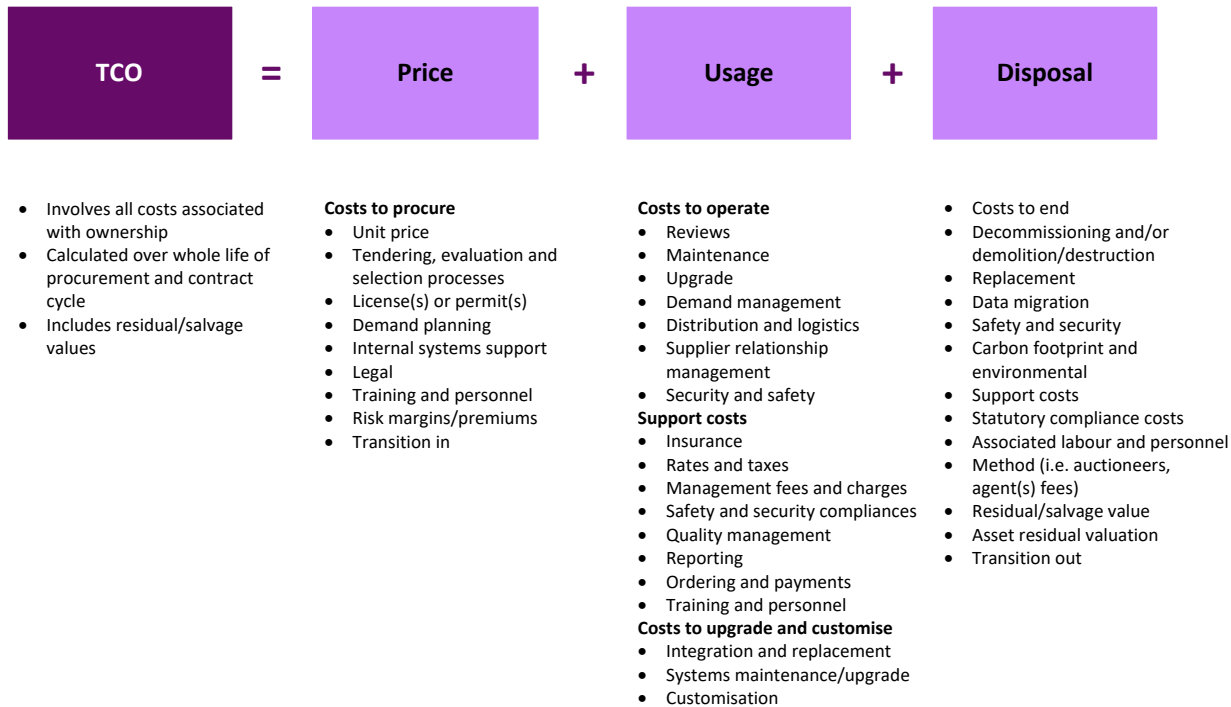
Procurement process elements	VFM drivers
Planning	<ul style="list-style-type: none"> • Have procurement decisions been made in an accountable and transparent manner? • Is the procurement aligned with the business strategy of the organisation? • Has the business unit considered the capacity for this procurement 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

Procurement process elements	VFM drivers
Financial and TCO	<ul style="list-style-type: none"> • 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? • Are the transaction costs associated with acquisition, use/holding, maintenance and transaction/re use/recycle costs related to disposal been considered and deemed appropriate?
Non-financial factors	<ul style="list-style-type: none"> • 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?
Quality of procurement	<ul style="list-style-type: none"> • Is there an adequate level of quality of service? • Is there an adequate level of support?
Contract management and delivery	<ul style="list-style-type: none"> • 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.



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

Guideline: Social and Sustainable Procurement

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Council commits to applying principles of sustainability to all its decision-making and activities and, as such, encourages diversity, acceptance, fairness, compassion, inclusion, access for people of all abilities and environmental sustainability 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.

1. Economic

Principles	Objectives
<p>Council is committed to procurement that supports local businesses 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 businesses 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 businesses to act as sub-contractors to existing suppliers and panels. • Involves early local market engagement. 	<p>Council’s economic sustainability commitment and approach aims to:</p> <ul style="list-style-type: none"> • Achieve VFM on 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, to avoid excess procurement. • 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.

2. Environmental

Principles	Objectives
<p>Council is committed to procurement that supports environmentally preferred products whenever they achieve an equivalent function. Within this context, Council will;</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. <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>Council's environmental sustainability commitment and approach aims to:</p> <ul style="list-style-type: none"> • Minimise waste to landfill by considering end-of-life options i.e. leasing, resource recovery, re-using, recycling and repurposing. • 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 'green' supply chains that consider the whole life cycle of a product. • Use 'Fairtrade' products. • Support socially responsible and ethical practices. • Minimise noise pollution.

Principles	Objectives
<p>To support the achievement of objectives and targets within Council’s sustainability 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 that 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

Principles	Objectives
<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 benefits the community and commits to integrating measures into 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>

3.1 Workplace

Principles	Objectives
<p>Council will:</p> <ul style="list-style-type: none"> Promote fair employment practices. Promote workforce welfare. Promote 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

Principles	Objectives
<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 by 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

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

Principles	Objectives
<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.

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.

Schedule 1 – Procurement Process RACI

Procurement Strategy

Sourcing Governance

Step	Council	CEO	CFO	Director/ General Manager	Procurement & Contracts Manager	Procurement Business Partners	Business Unit	Legal Unit	Supplier	Description
Develop sourcing strategy				A		I	R			Create a plan for procuring materials & services
Clarify purchasing requirements						IC	R			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					A	R	C			Synchronising the requirements of goods & services & the capacity of suppliers for providing those materials & services
Analyse Council's spend profile				I	A	R	C			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					A	R	IC			Seeking the most efficient sourcing & procurement opportunities
Collaborate with suppliers to identify sourcing opportunities					A	R	IC			Collaborate in order to determine new opportunities for sourcing
Collaborate with regional or neighboring governments for sourcing				I	A	R	CI			Collaborate in order to determine new opportunities for sourcing
Develop sourcing & category management strategies			A	IC	R	C				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

Procurement Plan

Needs Analysis

Step	Council	CEO	CFO	Director/ General Manager	Procurement & Contracts Manager	Procurement Business Partners	Business Unit	Legal Unit	Supplier	Description
Describe the need - What, Why, Where, When, How			A			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			C	R			Budget allowance or estimated cost based on history (if available)
Submit Purchase Requisition			C			I	R			Use budget or cost estimates to submit
Define base price if available				A		C	R			Calculate base price if spend history is available
Draft Needs Analysis Briefing Note						IC	R			Written summary of need including delivery deadline

Market Study

Step	Council	CEO	CFO	Director/ General Manager	Procurement & Contracts Manager	Procurement Business Partners	Business Unit	Legal Unit	Supplier	Description
Internal check of Council's aggregated needs			I		A	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)				A		CI	R			Non-binding market study to validate strategy/solution
Challenge needs or solution						R	C			Determine if there is a better solution to fulfill need

Plan Development

Step	Council	CEO	CFO	Director/ General Manager	Procurement & Contracts Manager	Procurement Business Partners	Business Unit	Legal Unit	Supplier	Description
Identify cost drivers				A	I	C	R			Identify appropriate cost drivers & influencers of the market
Need & supply assessment				A		C	R			Stakeholder review of needs analysis & supply assessment
Define supplier criteria				A	I	C	R			Set supplier criteria necessary to support strategy
Define price targets				A		I	R			
Determine if Service Agreement is necessary						R	I	C		
Define procurement strategy & objectives				I	A	C	R			Stakeholder review to define procurement strategy & objectives

Proposal

Step	Council	CEO	CFO	Director/ General Manager	Procurement & Contracts Manager	Procurement Business Partners	Business Unit	Legal Unit	Supplier	Description
Propose suppliers					I	A	R			Opportunity for stakeholders to provide recommendations
Identify qualified suppliers						R	A			Creation of the supplier list using criteria defined
Define proposal technical evaluation criteria				I		A	R			For use in evaluation of proposals
Set procurement schedule					I	C	R			To ensure sourcing activity is delivered on time
Align scope specifications with service delivery goals				A		C	R			
Draft requirements document for procurement						C	R			Include expectations, scope, schedule & known deliverables
Review & validate requirements document						R	C			Review with key stakeholders to ensure completeness
Draft questions to suppliers						C	R			Development of questions to ensure consistent & detailed answers from suppliers
Draft commercial elements to contract template (i.e. SLA's & KPI's)						C	R	IA		May expedite the contract negotiation process by inclusion in proposal documentation
Draft/assemble proposal document				A		C	R			Complete the documentation
Final review by Business & Procurement						R	A			Validation of content by key stakeholders

Proposal Approval

Step	Council	CEO	CFO	Director/ General Manager	Procurement & Contracts Manager	Procurement Business Partners	Business Unit	Legal Unit	Supplier	Description
Proposal recommendation				A		C	R			
Proposal approval	A			CI	A	C	R			

Publish Proposal

Step	Council	CEO	CFO	Director/ General Manager	Procurement & Contracts Manager	Procurement Business Partners	Business Unit	Legal Unit	Supplier	Description
Publish proposal						R	I			Appropriate to sourcing strategy & associated procurement threshold
Coordinate Q&A Process						I	R			Consolidate supplier questions & circulate to key stakeholders
Coordinate clarifications of requirements						CA	R			Update the suppliers with scope changes or clarifications derived from Q&A process

Sourcing

Proposal Evaluation

Step	Council	CEO	CFO	Director/ General Manager	Procurement & Contracts Manager	Procurement Business Partners	Business Unit	Legal Unit	Supplier	Description
Coordinate receipt of proposals						I	R			Secure proposals & distribute copies to key stakeholders
Coordinate/schedule presentations						C	R		I	Inform suppliers of meeting schedules & how to prepare
Coordinate supplier communications						CA	R			Inform suppliers of next steps
Moderation of bids				A		CA	R			Ensure supplier proposals are comparable
Cost assessment						I	R			Review competing bids & benchmarks
Technical assessment						C	R			Business technical review of proposal
Legal assessment of proposed contract exceptions (where required)						R	R	A		Evaluation of RFP contract template exceptions & legal risks
Procurement evaluation						C	R			Evaluation of costs, commercial risk, & quality of deliverable descriptions

Negotiation & Approval

Step	Council	CEO	CFO	Director/ General Manager	Procurement & Contracts Manager	Procurement Business Partners	Business Unit	Legal Unit	Supplier	Description
Procurement negotiation						C	R			Negotiate with all suppliers on Price, SOW, T&C's
Short list suppliers						I	R/A			Shortlist to 3-3 suppliers
Coordinate supplier communications						CA	R			Inform suppliers of next steps
Procurement negotiations						CA	R	C		Negotiate with short listed suppliers on Price, SOW, T&C's
Procurement review						C	R	C		Post negotiations review
Procurement negotiations						R	R	AC		Negotiate with preferred supplier on Price, SOW, T&C's
Sourcing recommendation						I	R			
Sourcing approval							R/A			

Contract Management

Contract Validation

Step	Council	CEO	CFO	Director/ General Manager	Procurement & Contracts Manager	Procurement Business Partners	Business Unit	Legal Unit	Supplier	Description
Contract draft validated					A	R	R	I		Review initial draft with business, procurement & legal to avoid delays
Send contract to supplier for review						I	R	IC	I	
Validate fall back positions with key stakeholders						A	R	C		Review with key stakeholders to ensure needs are met & risk is low
Identify issues & escalate if required				A		CR	R	I		Seek senior management support if needed
Finalise negotiated contract						C	R	IC		Close open issues, distribute for supplier signature
Contract signed by supplier							R		R	
Contract signed by Council authorised representative							R			
Contract recorded					A	I	R	I		Legal/procurement will retain originals of each contract

Purchase Order

Step	Council	CEO	CFO	Director/ General Manager	Procurement & Contracts Manager	Procurement Business Partners	Business Unit	Legal Unit	Supplier	Description
Deliver validated Purchase Requirement						I	R			PR creation & route for approvals
Create Purchase Order							R			Business uses validated PR to create PO
Validate Purchase Order			A							Finance system validation
Issue Purchase Order to supplier							R			Either PO or notification from business
Purchase Order acknowledgement						I	I		R	

Manage Suppliers

Step	Council	CEO	CFO	Director/ General Manager	Procurement & Contracts Manager	Procurement Business Partners	Business Unit	Legal Unit	Supplier	Description
Monitor/manage supplier information							R		R	Examine procurement & vendor performance. Report delivery timing & quality of the goods & services procured
Prepare/analyse procurement & supplier performance				A		I	R			Report the business through information & reports created. Use information & metrics of procurement & vendor performance to enhance or improve processes
Monitor quality of product delivered							R		IC	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.

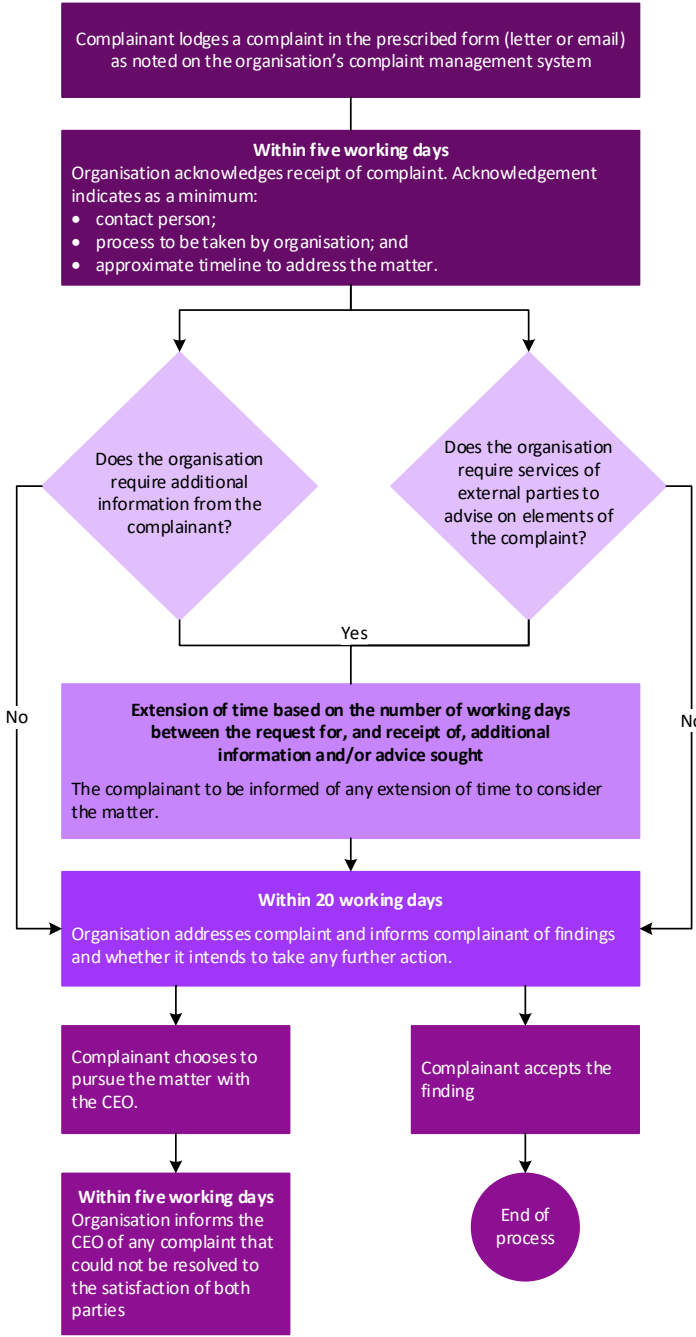
Council's procurement complaints management system gives a supplier involved in a procurement activity, or an agent acting in the interests of the supplier, mechanisms to raise concerns about how Council manages a procurement activity.

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	<p>Within 5 working days</p> <p>Council officer acknowledges receipt of complaint. Acknowledgement indicates as a minimum:</p> <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.