



Procurement Policy

Department/Unit	Business & Performance	First Implemented	December 2016	Review Date	December 2020
Origin	Procurement Officer	Reviewed	December 2020	Version	6
Authorising Officer	Chief Executive Officer	Effective From	July 2021	TRIM Reference	E5313

Purpose

This Procurement Policy is made under Section 108 of the [Local Government Act 2020 \(the Act\)](#). The Act requires each council to:

- Prepare and adopt a Procurement Policy which specifies the principles, processes and procedures applying in respect of the purchase of goods and services by Council, including for the carrying out of works; and
- review its Procurement Policy at least once during each 4 year term of Council.

Policy Statement

This policy:

- seeks to promote open and fair competition and provide value for money;
- establishes consistency and control over Council purchasing practices;
- ensures accountability to rate payers;
- provides guidance on ethical behaviour in public sector purchasing;
- promotes the application of elements of best practice in purchasing and
- considers sustainability in procurement with respect to social, economic and environmental factors.

Definitions and Abbreviations

Term	Definition
The Act	<i>Local Government Act 2020.</i>
Best Value	<p>Best value in Procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors 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 and • cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works.
E-Tender Portal	An internet-based electronic tendering system that allows Council to electronically invite or advertise, distribute documents, securely receive and open tenders, and provide various notices.
Commercial in Confidence	Information that, if released, may prejudice the business dealings of a party e.g. prices, discounts, rebates, profits, methodologies and process information.
Council Staff	Includes full-time and part-time Council staff, and temporary employees, contractors and consultants while engaged by Council.
Probity	Within Local Government, the word "probity" is often used in a general sense to mean "good process." A Procurement process that conforms to the expected standards of probity is one in which clear procedures that are consistent with Council's policies and legislation are established, understood and followed from the outset. These procedures need to consider the legitimate interests of suppliers and ensure that all potential suppliers are treated equitably.
Procurement	Procurement is the whole process of acquisition of external goods, services and works. This process spans the whole life cycle from initial concept through to the end of the useful life of an asset (including disposal) or the end of a service contract.

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Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
Tender Process	The process of inviting parties to submit a quotation by tender using public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.

Scope

Council's Procurement Policy is the primary reference point for how all the procurement of goods, services and works should be performed.

The separate Procurement Procedure – Guide to Council Purchasing supports this policy for the operational tasks.

Procurement Principles

Council will apply the following fundamental best practice principles to procurement, irrespective of the value and complexity of that procurement:

- value for money;
- sustainability (social, economic and environmental);
- open and fair competition;
- accountability;
- risk management and
- probity and transparency.

Value for Money

Council's procurement activities will be carried out on the basis of obtaining value for money. This means minimising the total cost of ownership over the lifetime of the requirement consistent with acceptable quality, reliability and delivery considerations. Lowest price is not the sole determinant of value for money.

This will be facilitated by:

- achieving continuous improvement in procurement activity in accordance with the direction set out in Council's Strategic Procurement Plan;
- developing, implementing and managing processes that support the co-ordination and streamlining of activities throughout the procurement lifecycle;
- effective use of competition;
- using existing Council contractual arrangement or collaborative procurement arrangements where appropriate;

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

Sustainable Procurement

Sustainable procurement involves decision making that has the most positive environmental, social and economic impacts possible across the entire lifecycle of goods, services and works.

The United Nations Environment Programme defines sustainable procurement as a “process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole of life basis in terms of generating benefits not only the organisation, but also to society and the economy whilst minimising damage to the environment.”

Council commits to consider the principles of sustainability in its procurement decision-making and activities.

Council demonstrates sustainable procurement by:

- being accountable for its impacts on society, the economy and the environment including the impacts of the organisation’s supply chain and
- continually improving sustainability specifications, practices and outcomes.

Risk Management

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.

Probity Accountability and Transparency

Accountability in procurement means being able to justify and provide evidence of the process followed. An independent third party must be able to see clearly that a process has been followed and that the process was fair and reasonable.

Council staff must be able to account for all procurement decisions and ensure all procurement activities leave an audit trail for monitoring and reporting purposes.

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Effective Policy Compliance and Control

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

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

- treat potential and existing suppliers with equality and fairness;
- not seek or receive personal gain;
- maintain confidentiality of commercial in confidence information such as contract prices and other sensitive information;
- present the highest standards of professionalism and probity;
- deal with suppliers in an honest and impartial manner that does not allow conflicts of interest;
- provide all suppliers and tenderers with the same information and equal opportunity and
- be able to account for all decisions and provide feedback on them.

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

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

Governance

Council will:

- establish a procurement management responsibility structure and delegations ensuring accountability, traceability and auditability of all procurement decisions made over the lifecycle of all goods, services and works purchased by Council and
- ensure that Councils' procurement structure:
 - is flexible enough to purchase in a timely manner the diverse range of material, goods, works and services required by Council;
 - ensures that prospective contractors and suppliers are afforded an equal opportunity to tender/quote and
 - encourages competition and collaboration.

Procurement Methods

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

- purchasing card;
- purchase order following a quotation;
- under contract following a tender process;

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- using aggregated purchasing arrangements with other Councils, MAV Procurement, Victorian Government, or other bodies and/or
- other arrangements authorised by Council or the Chief Executive Officer on a needs basis as required by abnormal circumstances such as emergencies.

Delegation of Authority

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

Council maintains a documented register of procurement delegations, identifying Council staff authorised to make such procurement commitments in respect of goods, services and works on behalf of Council.

Commitments which exceed the Chief Executive Officer's delegation and which must be approved by Council are tender recommendations and contract approval for all expenditure over \$200,000.

Internal Controls

Council maintains a framework of internal controls over procurement processes that will ensure:

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

Complaints Handling

Members of the public, suppliers, employees, staff and Councillors are encouraged to report known or suspected incidences of improper conduct. Complaints will be handled in accordance with Council's Complaints Resolution Policy.

Procurement Methodology

Section 108 of the Act details that each council will set the public tender threshold circumstances when tenders or expressions of interest for contracts must be publicly advertised.

Funds must be available in the approved Council Budget before tenders, proposals or quotes are sought.

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Public Tender Requirements

Mansfield Shire Council Procurement Thresholds are as per Appendix 1.

All public tenders advertised by Council, will be published via Council's e-Tendering Portal and will be advertised in the media and via Council's website.

Evaluation Criteria

Council will include the following evaluation criteria to determine whether a proposed contract provides value for money:

- mandatory compliance criteria;
- price;
- capacity of the supplier to provide the goods and/or services and/or works and
- capability of the supplier to provide the goods and/or services and/or works.

Shortlisting and Negotiations

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

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

Once one or more preferred tenderers are selected, negotiations can be conducted in order to obtain the optimal solution and commercial arrangements within the original scope and intent of the tender. Probity requirements apply to all negotiations.

Collaboration

In accordance with Section 108 (c) of the Act, Council will seek to collaborate with other councils and public bodies in the procurement of goods and services in order to take advantage of economies of scale.

Council staff will consider any opportunities for collaborative procurement in relation to a procurement process undertaken by Council over the \$200,000 public tender threshold.

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.

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Council may collaborate with other councils or utilise 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, value for money outcome.

Exemptions

The following circumstances are exempt from the general publicly advertised tender and quotations requirements:

- a collaborative engagement is in place - A contract made with, or a purchase from a contract made by, another government entity, government-owned entity or other approved third party;
- extension of contracts while Council is at market;
- Professional services – legal services;
- Information technology resellers and software developers;
- Existing Contract Variations;
- Situations where Regional Waste and Resource Recovery Groups provide tender opportunities on behalf of its members;
- Statutory Compulsory Monopoly Insurance Schemes;
- Grant monies where there is specific instructions for Council to act as funds manager and pass on funds from another level of government or other body;
- Operating Leases or
- Other specific Council exemptions. The Chief Executive Officer may approve as-hoc exemptions in exceptional circumstances where it can be demonstrated that it is in the best interest of the community to do so:
 - a genuine emergency;
 - sole supplier or inability to obtain sufficient quotations;
 - advantageous time limited conditions;
 - intellectual property or
 - support from original supplier.

Responsibilities

This Procurement Policy is made in accordance with Section 108 of the *Local Government Act 2020*.

Overall responsibility for the application of this policy is held by the Chief Executive Officer.

Managers are responsible for ensuring their staff comply with the principles, practices and any associated procedures of this policy. Management, employees, contractors and volunteers are to be familiar with, and competent in, the application of this policy, and are accountable for the delivery of this policy within their areas of responsibility.

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The Business and Performance Department is the owner of this policy. Any reviews of this policy must be made in consultation with the Manager Business and Performance and the Procurement Officer.

Council's Audit and Risk Committee monitor compliance of the procurement policy and its prescribed processes.

References / Related Policies

- *Local Government Act 2020*
- *Competition and Consumer Act 2010*
- Contract Management Policy
- Councillor Code of Conduct
- Employee Code of Conduct
- Equal Opportunity and Human Rights Policy
- Fraud Policy
- Gifts, Benefits and Hospitality Policy
- Occupational Health and Safety Policy
- *Public Records Act 1973*
- Purchasing Card Policy
- Risk Management Policy
- Complaint Resolution Policy

Implementation

This policy is effective from 1 July 2021.

Review Date

This policy is required to be reviewed at least once every four years. Minor amendments to the policy may be authorised by the Chief Executive Officer at any time where such changes do not alter the substance of the policy, typographical errors, a change to the names of a related policy or a change to the name of legislation.

This policy is scheduled for review by 1 July 2025, however it may be reviewed or varied at any time in consultation with Council.

Authorisation to Implement Policy

In accordance with the *Local Government Act 2020*, this policy must be endorsed by the Mansfield Shire Council.

Signed: _____

Councillor

Witnessed: _____

Chief Executive Officer

Dated: **????**

Mansfield Shire Council reserves the right to review, vary or revoke this policy at any time.

Appendix 1

Procurement Thresholds

Quotation and tender requirements are based on the purchase value set out in the purchase threshold table below:

Below \$2,000	\$2,001 to \$20,000	\$20,001 to \$200,000	Greater than \$200,000
Purchase card preferred	Minimum one written quotation	Minimum of three written quotations using RFQ Template and via E-Tender Portal Minimum advertising of 14 days	Advertised Public Tender using RFT Template and via E-Tender Portal Minimum advertising of 21 days

Any calculations to determine a procurement value or a delegation must be exclusive of GST.