



Greater Dandenong Policy

Procurement Policy

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1 Principles

This Policy has been developed to meet the requirements of Section 186A of the *Local Government Act 1989* as amended on 19 November 2008 with consideration given to meet Section 3C of the Act (Objectives of Council)

1.1 Background

Greater Dandenong City Council:

- Recognises that:
 - Developing a procurement strategy and adopting appropriate best practice contracting and procurement principles, policies, processes and procedures for all goods, services and works by Council, will enhance achievement of Council objectives.
 - The elements of best practice applicable to local government procurement incorporate:
 - broad principles covering ethics, value for money, responsibilities and accountabilities;
 - guidelines giving effect to those principles;
 - a system of delegations (i.e. the authorisation of officers to approve a range of functions in the procurement process);
 - procurement processes, with appropriate procedures covering minor simple procurement to high value complex procurement; and
 - a professional approach to all tenders undertaken.
- Requires that Council's procurement activities:
 - support Council's corporate strategies, aims and objectives;
 - take a long term strategic view of procurement needs while continually assessing, reviewing and auditing procedures, strategy and objectives;
 - provide a robust and transparent audit trail which ensures that procurement projects are delivered on time, within cost constraints and that the needs of end users are fully met;
 - are conducted, and are seen to be conducted, in an impartial, fair and ethical manner;
 - achieve value for money and quality in the acquisition of goods, services and works;
 - ensure that risk is identified, assessed and managed at all stages of the procurement process;
 - use strategic procurement practices and innovative procurement solutions, in particular making use of collaboration and partnership opportunities;
 - comply with legislation (including Risk Management, Occupational Health and Safety and Competition and Consumer Legislation), Council policies or other requirements, ensuring that all staff responsible for procurement and contract management are aware of and adhere to the legislative requirements, Victoria's Charter of Human Rights and Responsibilities, Council standards and best practice;
 - support business in the local community where possible.

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1.2 Scope

This Procurement Policy is made under Section 186A of the *Local Government Act 1989*.

This section of the Act requires Council to prepare, approve and comply with a procurement policy encompassing the principles, processes and procedures applied to all purchases of goods, services and works by Council.

This policy applies to all contracting and procurement activities at Council and is binding upon Councillors, Council officers and temporary employees, contractors and consultants while engaged by Council.

1.3 Purpose

It is the council policy that all purchasing decisions have the objective of ensuring a best value outcome for the community. A best value outcome takes into account the need for prudent financial management, a competitive and fairly treated local procurement environment, optimum sustainability outcomes and addressing local social disadvantage concerns.

The purpose of this Policy is to

- provide policy and guidance to Council to allow consistency and control over procurement activities;
- demonstrate accountability and value for money to rate payers;
- provide guidance on ethical behaviour in public sector purchasing;
- demonstrate the application of elements of best practice in purchasing;
- increase the probability of obtaining the right outcome when purchasing goods and services; and
- further strengthen local communities by exploring ways to generate local employment and procurement opportunities.

1.4 Treatment of GST

All monetary values related to this policy **include GST** except, where specifically stated otherwise.

1.5 Definitions and Abbreviations

Term	Definition
Act	<i>Local Government Act 1989.</i>
Commercial in Confidence	Information that, if released, may prejudice the business dealings of the party (e.g. discounts, rebates, profits, methodologies and process information). It is information provided for a specific purpose that is not to be used for any other purpose than set out in the initial document.
Conditions of Tendering	Rules governing the content and submission of tenders and the conduct of the tendering process.
Contract Management	The process that ensures both parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular, to provide value for money.
Council Staff (Council Representative / Contracts Officer/ Superintendent)	Includes full time and part-time Council officers, and temporary employees, contractors and consultants while engaged by the Council.
Conflict of Interest	Refer to section 77A of the Act.
Corporate Social Responsibility (CSR)	Corporate Social Responsibility (CSR) is about taking positive action to demonstrate Council's commitment to the local community and environment on which it impacts. This includes sustainability, social procurement and support for local industries
Delegation	A power handed down by the Council or Chief Executive Officer in an instrument to enable a delegate to act on Council's behalf.
Emergency	Sudden or unexpected occurrence requiring immediate action.
e-Procurement	e-Procurement is integral to the overall development of procurement processes and involves the use of electronic systems to acquire goods services and works.
Expression of Interest (EOI)	An invitation for persons to submit an EOI for the provision of the goods, services and works which generally set out in the overview of requirements contained in the document. This invitation is not an offer or a contract.

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Term	Definition
Local Supplier	Local suppliers are defined as businesses that are either based in the south-east region of Melbourne, perform the majority of their manufacturing in this region or employ a significant number of Greater Dandenong residents in their business.
Preferred Tenderer	A process whereby Council determines the preferred tenderer arising from a tender process, subject to ongoing negotiations with that tenderer in respect of tender received. This may include negotiations on price, tender conditions and tender outcomes.
Probity	The dictionary definition of probity refers to uprightness, honesty, proper and ethical conduct and propriety in dealings. Within 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 the 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.
Probity Advisor	Commonly an observer in dealings with tenderers and the evaluation panel at presentations and interviews. The probity advisors would be available to answer questions and provide advice to the evaluation team and/or steering committee.
Probity Auditor	Primarily reviews all processes and documentation throughout the procurement process and provides a report on their findings at the conclusion of the process.
Panel Contract Arrangements	A contract that sets out rates for goods and services which are available for the term of the agreement. However, no commitment is made under the agreement to purchase a specified value or quantity of goods or services.
Procurement ⁱ	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.
Social Enterprise	A social enterprise is a revenue-generating business with primarily social objectives whose surpluses are reinvested for that purpose in the business or in the community, rather than being driven by the need to deliver profit to shareholders and owners.

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Term	Definition
Social Procurement	Social Procurement uses Procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works.
Sustainability ⁱⁱ	Activities that meet the needs for goods, works and services in a way that achieves value for money on a whole of life basis in terms of generating benefits not only to Council, but also to society and the economy, while minimising damage to the environment.
Tender Process	The process of inviting parties to submit a tender by public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.
Thresholds	The value above which a procurement, unless exempt, is subject to the mandatory procurement processes.
Quotation Process	The process of inviting parties to submit a quotation followed by evaluation of submissions and selection of a successful bidder or tenderer.
Value For Money	<p>Value for Money in procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:</p> <ul style="list-style-type: none"> • contribution to the advancement of the Council's priorities; • non-cost factors such as fitness for purpose, quality, service and support, project delivery, risk, economic contribution to the South East region, financial capacity; 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.

2 Effective legislative and policy compliance

2.1 Ethics and Probity

2.1.1 Requirement

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

2.1.2 Conduct of Councillors and Council Staff

2.1.2.1 General

Councillors and Council Staff shall at all times conduct themselves in ways that are ethical and will:

- treat potential and existing suppliers with equality and fairness;
- not seek or receive personal gain;
- maintain confidentiality of competing companies information, such as pricing, specifications, quotation, tender, bid, or any other commercial or proprietary information;
- present a high standard 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;
- be able to account for all decisions and provide feedback on them, and
- maintain fair, equitable and non-discriminatory procedures for addressing complaints and concerns raised by suppliers or members of the community regarding Council's procurement activities.

2.1.2.2 Members of Professional Bodies

Councillors and Council Staff belonging to professional organisations shall, in addition to the obligations detailed in this policy, ensure that they adhere to any code of ethics or professional standards required by that body. (for example IPWEA Tendering code of practice)

2.1.3 Tender and Quotation Processes

All tender and quotation processes shall be conducted in accordance with the requirements of this policy, the Procurement Manual and any associated procedures, relevant legislation, relevant Australian Standards and the Act.

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2.1.4 Conflict of Interest

Councillors and Council Staff shall at all times avoid situations in which private interest's or conflict of interest might reasonably be deemed to have the potential to conflict, with their Council duties.

Councillors and Council staff involved in the procurement process, in particular preparing tender documentation, including writing tender specifications, opening and downloading of tenders and evaluation of tenders MUST not do so where that person or any member of their immediate family has a direct or indirect interest, or holds a position of influence or power in a business undertaking tendering for the work.

The onus is on the Councillor and Council Staff involved, to promptly declare a direct or indirect, actual or potential, conflict of interest to Council.

2.1.5 Fair and Honest Dealing

All prospective contractors and suppliers must be afforded an equal opportunity to tender or quote. Impartiality must be maintained in selecting contractors and suppliers so that it can withstand public scrutiny.

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

Confidentiality of information provided by existing and prospective suppliers must be maintained at all times, particularly commercially sensitive material such as, but not limited to prices (other than the price of the successful tenderer's own fixed price lump sum contract), discounts, rebates, profit, manufacturing and product information.

2.1.6 Accountability and Transparency

Accountability in procurement means being able to explain and provide evidence on the process followed. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

The processes by which all procurement activities are conducted will be in accordance with this Procurement Policy and related Council policies and procedures.

Additionally:

- all Council Staff are required to comply with the Code of Conduct for Council Staff, accordingly they must be able to account for all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council and provide feedback on them;
- Council staff responsible for procurement decisions must undertake periodic training in procurement processes and responsibilities.
- all procurement activities are to leave an audit trail for monitoring and reporting purposes and as a principle contain a double authorisation process;



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- Councillors must not direct or influence a member of Council staff in the exercise of any power in the performance of any duty or function.

2.1.7 Gifts and Hospitality

All Councillors and Council Staff must adhere to Council's Gifts and Hospitality Policy.

2.1.8 Disclosure of Information

Information received by the Council that is Commercial in Confidence must not be disclosed and is to be stored in a secure location.

Councillors and Council Staff are to protect the integrity of the process by refusing to release or discuss the following:

- information disclosed by organisations in tenders, quotation or during tender negotiations;
- all information that is Commercial in Confidence; and
- pre-contract information including but not limited to information provided in quotes and tenders or subsequently provided in pre-contract negotiations.

Councillors and Council Staff are to avoid references to current or proposed contracts in discussion with acquaintances or outside interests.

Discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubt or clarify on what is being offered by that supplier.

At no stage should any discussion be entered into which could have potential contractual implications prior to the contract approval process being finalised.

Tenderers are however advised that a report on a tender process may be presented at an open meeting of Council, and some information arising from the tender will be publicly available.

2.1.9 Council's Expectations of Suppliers

It is Council's expectation that whilst participating in tendering or quotation processes suppliers must not approach, or request any other person to approach, any Councillor or Council Staff to solicit support for their bid or otherwise seek to influence the outcome of the process.

The bid of any supplier who engages in this type of conduct may not be considered further by Council.

If a supplier is aware of or concerned about any improper practices being undertaken by Council Staff in relation to procurement activities, they are requested to contact Council's Protected Disclosure Co-ordinator.

2.2 Governance

2.2.1 Structure

The Council shall:

- establish a procurement management responsibility structure and delegations ensuring accountability, traceability and auditable procurement decisions.
- ensure that the Council's procurement structure:
 - encourages competition
 - is flexible enough to purchase in a timely manner the diverse range of goods, works and services required by Council;
 - ensures that prospective contractors and suppliers are afforded an equal opportunity to tender/quote;
 - ensures that policies that impinge on the purchasing policies and practices are communicated and implemented.

2.2.2 Standards

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

- the Act;
- Council's policies and procedures;
- Council's Procurement Manual;
- Councillor and Staff Code of Conduct;
- Local Government Procurement Best Practice Guidelines; and
- other relevant legislative and policy requirements, such as, but not limited to the Competition and Consumer Act, Charter of Human Rights and Responsibilities Act, Goods Act and the Environment Protection Act, National Competition and Competitive Neutrality.

2.2.3 Methods

The Council's standard methods for purchasing goods, services and works shall be by:

- purchasing card;
- purchase order following a quotation process;
- under contract following a tender or quotation process; or
- under purchasing schemes including collaborative purchasing arrangements with other councils and commercial schemes such as provided by Procurement Australia, Municipal Association of Victoria Procurement, Supply Clusters of Australia, State Purchase Contracts, Whole of Victorian Government Contracts and the Construction Suppliers Register.

The only exceptions to the above are where procurements fall within the defined list of exclusions as contained in the Act and the Best Practice Procurement Guidelines 2013:

Under sub-section 186(1) of the Act, councils must expose all purchases of goods, services or works which reach the thresholds to public tender. However, the legislation allows for specific circumstances where a council may enter into a contract without first undertaking the public tender. These circumstances are:

- where the council has resolved that the contract must be entered into because of an **emergency**
- where the contract is entered into **with a council acting as the agent** for a group of councils and the council has otherwise complied with this Act
- where the contract is entered into in accordance **with arrangements approved by the Minister** for the purposes of this sub-section
- the contract is **a type of contract that has been exempted** from this section by regulation which currently only applies to contracts for the provision of legal services.

For the purposes of this section the following transactions are not considered to be procurements of goods and services and are exempt from the requirements to raise purchase orders/ seek quotations or procure under a tender process:

- Rate Refunds
- Refunds to Community Care clients
- Trust Refunds
- Employee Re-imbursments
- Utilities
- Australia Post
- Grants and Sponsorships
- Memberships and Subscriptions
- Couriers
- Petty Cash
- Seminars and conferences
- Travel related expenses

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Typically, a multi-stage tender process may commence with a registration/expression of interest stage followed by a tender process involving the organisations selected as a result of the registration of interest stage.

Expressions of Interest (EOI) may be appropriate where:

- Council wishes to consider ahead of the formal tender process such issues as whether those tendering possess the necessary technical, managerial and financial resources to successfully complete the project;
- tendering costs are likely to be high and Council seeks to ensure that companies incapable of supplying the requirement don't incur unnecessary expense;
- Council wishes to determine the level of interest of suppliers or vendors in tendering for the provision of goods, services or works;
- it is necessary to pre-qualify suppliers and goods to need defined standards; and
- Council is required to gain a greater understanding of its needs, the availability of relevant goods and services and the likely costs.

2.2.4 Responsible Financial Management

The principle of responsible financial management shall be applied to all procurement activities. Where the tender sum exceeds budget allocation, Council will review scope of project or ensure that appropriate funding is available within its overall budgeted resources. Council reports on tenders must identify the financial implications of each tender process.

Council Staff must not authorise the expenditure of funds in excess of their financial delegations. Council funds must be used efficiently and effectively to procure goods, services and works and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this Policy.

2.2.5 Probity Advisor/Auditor

Council will consider the appointment of a probity advisor or probity auditor for tender requests based on the nature and complexity of the proposed procurement having regard to the level of risk involved. As a guideline, procurements which are greater than \$5 million should include a report from either a probity advisor and/or probity auditor. Councils contract initiation forms will provide for the relevant Director to review and recommend the appointment of a probity advisor or probity auditor where deemed necessary.

2.3 Procurement Thresholds and Competition

2.3.1 Requirement

Council's procurement thresholds will be amended from time to time to alter minimum spend competition thresholds, but at all times clear guidelines will be provided. These will be decided based on the size and complexity of the proposed procurement activities.

2.3.2 Minimum Spend Competition Thresholds

The minimum spend competitive thresholds are as follows:

- \$150,000 for Goods and Services contracts
- \$200,000 for Works (Building and Civil) contracts

For purchases with a contract value at those levels or above, State Legislation requires Council to conduct a public tender process which must be carried out by Council's Contracts Unit. A 'Contract Value' is determined over the life of a contract, and not as an annual sum in the case of an Annual Supply Contract. The contract value also includes GST, as Council is required by law to make contract payments inclusive of GST.

Notwithstanding the foregoing public tender thresholds, CGD Purchasing Procedures now require staff to contact the Contracts Unit for any purchase expected to be \$100,000 or more. This is a mandatory requirement aimed at ensuring due process has been established.

2.3.2.1 Tenders

Purchase of all goods, services and works for which the estimated expenditure exceeds the compulsory tender thresholds pursuant to Section 186 of the Act, must be undertaken by public tender unless approved exemptions are available.

As a general rule, Council will consider the threshold to apply over a one-year period but Council will determine the optimum period for the contract, on the basis of value for money and the efficiency and effectiveness of the procurement and then assess the value of the contract. Council may undertake a public tender where the value of goods, works and services does not reach the threshold sums. These may be situations where a public tender is preferred or prudent, managing risk considerations are paramount, or there is a desire for greater transparency of the procurement.

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Council will not accept late tenders, the exception being where it can be substantiated that:

- there was a Council related system failure/interruptions in the case of submission of an electronic tender, or
- access was denied or hindered in relation to the tender box.

The Manager People and Procurement can accept a late tender where it can be determined the above circumstances prevailed at the time of attempted lodgement.

If the nature of a proposed procurement and the characteristics of the market are such that the public tender process would lead to a better result for the Council, public tenders may be called for purchase of goods, services and works for which the estimated expenditure is less than the compulsory tender thresholds.

Where significant amounts are spent in aggregate on one supplier, or for one service, over time, Council will assess whether greater savings can be achieved by tendering. For this purpose, at least two financial accounting periods of category expenditure will be analysed with each category being individually assessed based on its own unique characteristics.

2.3.2.2 Preferred Tenderer

Following the completion of a tender process and tender evaluation, Council may reach an outcome where it has a preferred tenderer but is not in position to accept the tender due to a range of potential factors. In these cases Council may endorse a tenderer as the preferred tenderer subject to ongoing negotiation.

Without limiting the generality of the previous paragraph, this stage of the tender process may involve:

- The preferred tender refining their tender, including investigating any value management proposals put forward by Council
- Council and the preferred tenderer negotiating the contract documents including by:
 - The tenderer withdrawing some or all of its qualifications;
 - The tenderer modifying some or all of its qualifications; or
 - Council accepting in whole or in part some of all of the preferred tenderers qualifications.
- If the preferred tenderer desires to do so, re-submitting their tender to Council.
- The preferred tenderer confirming to Council in writing that the offer contained in their Tender (or, if relevant, revised Tender), is binding and will be open for acceptance by Council for up to 90 days from the date of such written confirmation; and

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2.3.2.3 Quotations

For purchases of goods, services and works having a total valuation of less than compulsory tender thresholds Council will maintain a formalised system of procurement requirements.

Quotes must be obtained within the following parameters if the required works or service are not already covered by an existing Annual Supply contract.

- A minimum of **one written quote** be obtained for purchases under \$10,000 (letter, fax, email)
- A minimum of **two written quotes** be obtained for all purchases between \$10,000 and under \$100,000 (letter, fax, email)
- A minimum of **three written quotes** be obtained for all purchases between \$100,000 and under \$150k

For any quotes over \$100k, please consult with the Contracts Unit.

Situations may arise where the required number of quotations cannot be obtained due a range of factors including where there may only be one supplier or where Council due to previous commitments must continue to use a single supplier. Where the required quotes cannot be obtained permission must be sought from the CEO to be excluded from this requirement.

Similarly, where an emergency event requires that quotations cannot be obtained, the procurement must be endorsed by the relevant Director either prior to the procurement or if necessary after the emergency event.

2.3.2.4 Purchasing Cards

Purchasing cards are available for the low cost and of high volume purchases of goods and services. They must be used in accordance with Council's Purchasing Card policy and are not to be used for personal use.

2.3.2.5 Petty Cash

A petty cash system operates to reimburse legitimate, urgent and operational business expenses incurred by Council staff in the conduct of Council activities.

The maximum claim for petty cash is \$100 (inclusive of GST) and must be authorised by the requesting officer's supervisor. Amounts in excess of this threshold may be approved in emergency cases by the Manager Finance and IT.

2.3.2.6 Agency

Council may use the services of a third party agent to undertake a tender on its behalf. Where this engagement is determined Council will:

- endorse the tender and contract specifications, conditions and other contract documentation before public tenders are called;
- ensure proper procurement processes and procedures are in place;
- make a decision to either accept one of the tenders or reject all tenders as allowed by the Act, including reviewing the evaluation panels' assessment of submissions and recommendation to select one tender or a panel of tenderers; and
- exercise discretion in accepting one of the tenders and merely rely on the work undertaken by the agent.

2.3.2.7 Emergencies

Council will enter into a contract, the value of which reaches the threshold amounts, for the provision of goods, services or works without first putting that contract to public tender, if it is resolved that the contract must be entered into because of an emergency.

2.3.2.8 Ministerial Exemption

The Minister for Local Government may exercise his or her discretionary power to approve an arrangement for the purposes of the Act, a contract that Council wishes to enter into without first exposing that contract to public tender. Ministerial exemptions will only be sought in exceptional circumstances.

2.4 Tender Criteria and Weightings

Tender criteria and weighting percentages must be established prior to seeking tenders and will be set having regard for the nature and type of the procurement and the objectives of Council in respect of each specific procurement.

The types of tender criteria that Council will consider in respect of each tender include:

- Price
- Experience
- Capability
- Capacity
- Methodology
- Track Record (Past Performance)
- Innovative Work Practices
- Appreciation of the Task
- Management and Technical skills
- Resources
- Local SME Industry impact

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- Social and Sustainable Procurement
- Modern Slavery
- OH&S
- Environmental Management Systems
- Quality Management Systems

The price weighting must form a minimum 40% of the tender weighting unless special circumstances are determined by the relevant Director having regard to tenders requiring innovative input and methodology. A lower price weighting results in a high price having a relatively low impact on the total score.

As part of its corporate social responsibility objectives and to achieve the objectives of Council strategies and plans, a minimum tender weighting of 15% for socially responsible procurement will be applied to all tenders. Socially responsible procurement is procurement that has the most positive environmental, social, economic impacts possible across the entire life cycle and that strives to minimise adverse impacts.

- Social procurement aspects (e.g. social enterprises, fair trade, and social responsibility)
- Local economic development and employment aspects (e.g. businesses operating in the municipality, or have a presence in the municipality, employing staff from the municipality)
- Environmental and sustainability aspects (use of recycled materials, innovation to reduce wastage or use sustainable materials such as crushed concrete, disposal of waste, reduced water use, reduced carbon emissions and reduced pollution etc.)

Not all three sub-criteria will be applied to all categories, it will be determined at the pre-planning stage after consideration of relevant Council strategies and plans and in consultation with the Contracts Unit and approved by the relevant Director”.

2.4.1 Modern Slavery Act

Council is committed to doing all that it can to prevent slavery and human trafficking in its corporate activities and to ensuring as far as is practicable that its supply chains are free from slavery and/or human trafficking.

Council will ensure all tenders take into consideration all relevant ethical supply chain provisions identified in the Modern Slavery Act 2018, by introducing a new schedule for Contractors to complete.

2.5 Tender Evaluation Panels

Tender evaluation panels will be established having regard to the size and complexity of the procurement. As a minimum the panel shall comprise of three members. Complex procurements may also have a larger number of participants on the evaluation panel

Where the procurement is particular complex or involves matters that require specialist knowledge, Council will engage independent external advisers to form part of the tender evaluation panel. External advisors may act as independent observers, in an advisory capacity or form part of the evaluation/selection panel. Where the latter applies independent advisors must not form the majority of the evaluation panel.

Council procurement staff may either form part of the tender evaluation panel or act as procurement advisors to the tender evaluation panel.

2.6 Delegation of Authority

2.6.1 Requirement

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

Procurement delegations ensure accountability and provide confidence to Council and the public that purchasing activities are dealt with at the appropriate level.

As such, Council has delegated responsibilities as detailed below relating to the expenditure of funds for the purchase of goods, services and works, the acceptance of quotes and tenders and for Contract Management activities.

2.6.2 Delegations

2.6.2.1 Council Staff

Council maintains a documented record of authorised procurement delegations, identifying Council officers authorised to make such procurement commitments in respect of goods, services and works on behalf of Council, including but not limited to the followingⁱⁱⁱ:

- power to authorise and issue order forms for goods and services;
- power to enter into contracts within approved budget;
- sign letters of acceptance on behalf of Council to enter into contracts; and
- contract term extensions and contract variations.

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The requisition and authorisation of purchases cannot be processed by the same officer.

2.6.2.2 Delegations Reserved for the Tender Board and Council

Tenders that have a value of between \$200,000 and \$500,000 will require a detailed evaluation report to be prepared and will be considered by the Tender Board which comprises of all members of the Executive Management Team. Tender recommendations where approved will be authorised by the Chief Executive Officer and a register of approvals tabled quarterly to Council for noting.

Tender recommendations where the expenditure is over \$500,000 will be reported to Council for formal consideration. Reports are to clearly show the weightings for each category and the scoring achieved by each tenderer. Reports should also clearly state whether there has been a Pass/Fail for Occupational Health and Safety and Environmental Management Systems. Where a tenderer fails a mandatory assessment criteria no further evaluation of the tender will occur.

2.7 Internal Controls

The Council will establish and maintain 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 and performance measurement.

2.8 Commercial Information

Procurement activities will be carried out in a way that supports Council Staff in meeting their obligations to ensure information of a commercially sensitive or confidential nature is obtained, stored, processed, published (where applicable) in an appropriate manner in accordance with the relevant Council guidelines.

2.9 Risk Management

2.9.1 General

Risk Management is to be appropriately applied at all stages of procurement activities which will be properly planned and carried out in a manner that will protect and enhance the Council's capability to prevent, withstand and recover from interruption to the supply of goods services and works.

Risk management will be carried out in accordance with the stated requirements in the Risk Management Policy and the Guidelines for OH&S Management of Contractors and any Federal or State regulatory requirements.

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2.9.2 Supply by Contract

The provision of goods, services and works by contract potentially exposes the Council to risk. The Council will minimise its risk exposure by measures such as:

- standardising contracts to include current, relevant clauses;
- requiring security deposits where appropriate;
- referring specifications to relevant experts;
- requiring contractual agreement before commencement;
- use of or reference to relevant Australian Standards (or equivalent); and
- effectively managing the contract including monitoring and enforcing performance.

2.9.3 OH&S and Other Mandatory Requirements

Council undertakes due diligence activities on all suppliers to ensure compliance to legislative and business requirements. Council requires all contractors, service providers and volunteers to comply with all OH&S legislative requirements. These are mandatory requirements and non-compliance will disqualify prospective suppliers. Suppliers must provide evidence of insurances in providing goods, services or works. Council currently uses the Rapid Global system where contractors can enter all details and pre-qualify for submission of tenders.

2.10 Contract Terms & Payment Terms

All contractual relationships must be documented in writing based on standard terms and conditions.

Where this is not possible, approval must be sought from the appropriate member of Council Staff listed in the Delegations section or above. A request for such an approval should be supported with procurement and legal advice as relevant.

All contractors must obey and ensure that its employees, sub-contractors and agents obey any Acts, regulations, local laws and by-laws in any way applicable to the performance of a contract. All contractors must also comply with the terms of any relevant Commonwealth and State industrial instruments in respect to its employees and ensure that any agents and sub-contractors of the contractor also comply with these obligations.

To protect the best interests of the Council, terms and conditions must be settled in advance of any commitment being made with a supplier. Any exceptions to doing this expose the Council to risk and thus must be authorised by the appropriate member of Council Staff.

Council payment terms provide that vendor invoices are paid on a 30 day cycle, generally within 30 days from the date of the invoice and after completion/receipt of the goods, services or works whichever is the latter. Payment terms are only changed with the approval of the Manager Finance and IT. The preferred payment method is by electronic funds transfer, directly to the relevant bank.

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Bank account details are obtained for all new vendors whenever possible, except for credit card payments.

2.11 Endorsement

Council Staff must not endorse any products or services. This clause should not be read to preclude Council staff from providing references to other agencies on Councils experience with contractors or services or from presenting to industry forums on similar matters.

2.12 Dispute Resolution

All Council contracts shall incorporate dispute management and alternative dispute resolution provisions to minimise the potential for legal action.

2.13 Contract Management

The purpose of contract management is to ensure that the Council, and where applicable its clients, receive the goods, services or works provided to the required standards of quality and quantity as intended by the contract by:

- establishing a system reinforcing the performance of both parties' responsibilities and obligations under the contract;
- ensuring adherence with Council's Risk Management framework and compliance with applicable Occupational Health and Safety procedures; and
- providing a means for the early recognition of issues and performance problems and the identification of solutions.

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 receives Value for Money.

2.14 e-Procurement

e-Procurement is integral to the overall development of procurement processes and involves the use of an electronic system to acquire goods, services and works.

By utilising e-procurement the aim is to:

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

3 Demonstrate sustained value

3.1 Integration with Council Strategy

The Council procurement strategy shall support its corporate strategies, aims and objectives, including but not limited to:

- A vibrant, connected and safe community
- A healthy, liveable and sustainable city
- A diverse and growing economy
- A creative city that respects and embraces diversity
- A city planned for the future
- An open and effective Council

3.2 Achieving Value for Money

3.2.1 Requirement

The Council's procurement activities will be carried out on the basis of obtaining Value for Money. Lowest price is not necessarily an indicator of value for money and cost is not the only factor for assessing value for money. Other factors such as technical capability to meet specification, risk management, environment and occupational health and safety, financial capacity, economic contribution to the Greater Dandenong region, sustainability, quality, customer service, resource management, continuous improvement, fitness for purpose and social considerations may be considered in assessing competing companies' submissions.

3.2.2 Approach

This will be facilitated by:

- developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout;
- effective use of competition;
- using schedule of rates and panel contract arrangements where appropriate;
- identifying and rectifying inefficiencies in procurement processes;
- pursuing innovative practices
- more emphasis placed on procurement planning processes;
- developing a more cost efficient tender process including appropriate use of e-solutions;
- providing competent advice in terms of available products and agreements;
- working with suppliers to create relationships that are professional and productive, and are appropriate to the value and importance of the goods, services and works being acquired;
- undertaking analysis of Council's category spending patterns; and
- ensuring procurement effort corresponds with risk and expected return.

3.2.3 Role of Specifications

Specifications used in quotations, tenders and contracts are to support and contribute to the Council's Value for Money objectives through being written in a manner that:

- ensures impartiality and objectivity as reasonably practicable;
- encourages the use of standard products;
- is written in a manner that is brief and clear;
- encourages sustainability; and
- eliminates unnecessarily stringent requirements.

3.3 Performance Measure and Continuous Improvement

Council will establish an appropriate management and reporting systems to monitor performance against targets and compliance with procurement policies, procedures and controls. Procurement procedures, practices and costs will be benchmarked externally. Procurement will use the performance measurements developed to:

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

3.4 Corporate Social Responsibility

Corporate Social Responsibility (CSR) is about taking positive action to deliver the Council's commitment to the local community and environment on which it impacts. This means the Council maximising the social, environmental and economic benefits of the services they provide across the community and minimising the negative aspects of their activities.

The Council integrates CSR into its organisational policies and practices through social procurement, sustainable procurement and procurement supporting local businesses.

3.5 Sustainable Procurement

Council is committed to reducing its environment impacts and operating in a socially, financially and environmentally responsible manner. The Greater Dandenong Sustainability Strategy 2016-2030 has as a goal to increase sustainability outcomes via procurement.

Council will encourage the design and use of products and services which have minimal impact on the environment and human health. This includes, but is not limited to:

- Recycling
- Waste Management
- Emissions Management
- Water Conservation
- Energy Management, and
- Green Building Design

Council shall encourage suppliers to adopt good environmental practices and requires suppliers to have an Environmental Management System.

Council will actively promote green procurement throughout its supply chain and where possible consider selection which has minimum environmental impact. The Council aims to achieve this by:

- Taking into account the need to minimise emissions and reducing the negative impacts of transportation when purchasing goods and services;
- Taking steps to minimise carbon dioxide and other greenhouse gas emissions through the detailed consideration of products and services procured;
- Considering the environmental performance of all suppliers and contractors and encouraging them to conduct their operations in an environmentally sensitive manner;
- Selecting products/services that have a minimal effect on the depletion of natural resources and biodiversity;
- Giving a preference to Fairtrade, or equivalent and ethically sourced and produced goods and services;
- Ensuring all relevant procurement contracts and tenders contain sustainability specifications as appropriate to the product and service being procured.
- Training Council staff with procurement responsibilities on sustainability considerations within the procurement process.
- Reducing and eliminating as far as is practicable the use and consumption of single use and soft plastics across its corporate operations including festivals, events and applicable activities on any land or building owned and managed by Council.

3.6 Social Procurement

Social procurement is the process of generating positive social outcomes through the delivery of goods, services and works. Social procurement is a key mechanism by which to generate wider social benefits by providing a mechanism for linking and integrating social and economic agendas.

Social procurement can effectively contribute to building stronger communities and meeting social objectives and in particular facilitating employment opportunities to target disadvantaged communities and groups in the Greater Dandenong region.

3.6.1 Social Enterprises

A social enterprise is a revenue-generating business with primarily social objectives whose surpluses are reinvested for that purpose in the business or in the community, rather than being driven by the need to deliver profit to shareholders and owners. These organisations are commonly referred to as social benefit suppliers and they include social enterprises, Australian Disability Enterprises, Fair Trade Businesses and Indigenous Businesses and can also include women owned and minority owned businesses.

Council will identify opportunities to work with social enterprises and other not-for-profit businesses in the Greater Dandenong region which deliver social outcomes as part of doing business, either directly or as part of our supply chain. Commitment to social enterprises is a key goal of *Achieving Greater Dandenong's Potential: A Local Economic and Employment Development Strategy for our City*.

3.6.2 Supporting Local Businesses

Council is committed to buying from local businesses where such purchases may be justified on value for money grounds, while remaining compliant with the Competition and Consumer Act 2010 and other fair trading legislation requirements.

Wherever practicable, Council will fully examine the benefits available through purchasing goods, services or works from suppliers/contractors within the Greater Dandenong region. This is a key goal of *Achieving Greater Dandenong's Potential: A Local Economic and Employment Development Strategy for our City*.

Council will also seek from prospective suppliers/contractors, where applicable, what economic contribution they will make to this region.

3.6.3 Collaboration with the Industry Capability Network (ICN)

Council has committed to further engaging with local suppliers through collaboration with the ICN. Wherever practicable, Council will utilise ICN's network to alert local suppliers of relevant work opportunities with Council.

4 Application of a consistent standard approach

4.1 Standard Processes

The Council will provide effective commercial arrangements covering standard products and standard service provisions across the Council to enable employees to source requirements in an efficient manner.

This will be achieved via a combination of the following areas:

- use of Council's preferred supplier system;
- pricing where relevant;
- processes, procedures and techniques;
- tools and business systems e.g. e-tendering, e-quotation sourcing arrangements;
- reporting requirements; and
- application of standard contract terms and conditions.

4.2 Performance Indicators and Management Information

A list of indicators will be developed to measure procurement performance. They will include criteria such as:

- the proportion of spend against corporate contracts; and
- user and supplier satisfaction levels measuring the success of procurement initiatives e.g. procurement cards.

Councils current procurement systems and frameworks don't presently readily allow the extraction of data based on what procurement spend relates to social and sustainable procurement. Further work will be undertaken over the duration of this Policy to implement performance indicators on these spending categories.

5 Build and maintain supply relationships

Council recognises that in order to achieve sustainable value, appropriate relationships must be developed and maintained with suppliers.

5.1 Developing and Managing Suppliers

Council recognises the importance of effective and open working relationships with its suppliers, and is committed to the following:

- managing existing suppliers, to ensure the benefits are delivered;
- maintaining approved preferred supplier lists and compliance with Council's requirements for insurances, OH&S etc.; and
- developing new suppliers and improving the capability of existing suppliers where appropriate.

5.2 Supply Market Development

A wide range of suppliers will be encouraged to compete for Council work.

5.3 Relationship Management

Council is committed to developing constructive long-term relationships with suppliers. It is important that the Council identifies its key suppliers so that its efforts are focused to best effect. Such areas may include:

- size of spend across the Council;
- criticality of goods / services supplier, to the delivery of the authorities services;
- availability of substitutes; and
- market share and strategic share of suppliers.

5.4 Communication

External communication is very important in ensuring a healthy interest from potential suppliers and partners to Council. The external website will be developed and updated to provide:

- information about Council and how to become an approved supplier;
- guidelines for doing business with Council;
- standard documentation used in the procurement process;
- links to other relevant sites; and
- where applicable, a list of upcoming tenders.

6 Continual improvement

Council will focus on developing and maintaining effective working relationships with external and internal stakeholders, to assist in delivery of Council's strategic objectives.

Council's procurement strategy aims to support Council's objectives by implementing continuous improvement and value for money opportunities in the following areas:

- **Technology**
 - Develop innovative procurement techniques, tools and methods.
- **Process and Governance**
 - Procurement activities shall be performed with integrity and withstand closest possible scrutiny.
- **People and Skills**
 - Maintain the level of knowledge, skill and expertise of staff in respect to procurement processes and procedures.
- **Strategy and Organisation**
 - Review buying patterns across Council and deliver savings from tendering goods and services, as appropriate.
- **Leadership and Influence**
 - Adopt best practice procurement and contracting principles, policies, processes and procedures.
- **Sourcing and Collaboration**
 - Realise opportunities from increased economies of scale through collaboration with other Council's and public sector agencies for particular goods and services.
- **Supplier Management**
 - Source and maintain suppliers that demonstrate compliance with Council's regulatory requirements and support key stakeholder requirements.

7 References

- Procurement and Contract Manual
 - City of Greater Dandenong ~ Contract Management Manual - Version 5.4 February 2013 ;
 - AS 4120 – 1994 ‘Code of Tendering’
 - Council Minute 4.5 (95) of Meeting 27 February, 2006 – Approving the use of Procurement Australia, Municipal Association of Victoria Procurement and State and Federal Government contracts;
 - Councillors - Code of Conduct
 - Contractors – Code of Conduct
 - City of Greater Dandenong Disability Policy 9 August 2010
 - Freedom of Information Act 1982;
 - Information Privacy Act 2000
 - Fair Work Act 2009
 - Fraud and Corruption Prevention and Control Policy
 - MAV Model Procurement Policy – August 2011
 - Gifts & Hospitality Policy
 - Occupational Health & Safety Policy
 - Risk Management Policy
 - Staff Code of Conduct
 - Council Purchasing Card Policy
 - Greater Dandenong Sustainability strategy 2016-2030
 - Achieving Greater Dandenong’s potential – A Local Economic and Employment Development Strategy for our city
 - Sustainable Water Use Plan
 - Local Government Act 1989
 - Best Value Principles Act 1999;
 - National Competition Policy;
 - Competition and Consumer Act 2010
 - Human Rights and Responsibilities Act 2006
 - Disability Act 2006 & Regulations 2007
 - City of Greater Dandenong Disability Policy 9 August 2010
 - Victorian Local Government Best Practice Procurement Guidelines 2013
 - Social Procurement: A Guide for Victorian Local Government – October 2010.
 - Modern Slavery Act 2018
 - Modern Slavery Act 2018 Draft Guidance for reporting entities.
 - City of Greater Dandenong Plastics Policy
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