

Procurement

COUNCIL POLICY NO. 109

1. PRINCIPLES

1.1. Background

Gannawarra Shire Council recognises that:

- Developing a procurement strategy and adopting appropriate best practice contracting and procurement principles, policies, processes and procedures for the purchase of all goods, services and works by Council, will enhance achievement of Council objectives, including, sustainable and social procurement; bottom-line cost savings, supporting local economies; achieving innovation; and better services for communities.
- The elements of best practice applicable to local government procurement incorporate:
 - broad principles covering ethics, value for money, responsibilities and accountabilities
 - guidelines giving effect to those principles
 - a system of delegations (i.e. the authorisation of officers to approve and undertake a range of functions in the procurement process)
 - procurement processes, with appropriate procedures covering minor, simple procurement to high value, more complex procurement.
- Council's contracting, purchasing and contract management activities endeavour to:
 - support the Council's corporate strategies, aims and objectives including, but not limited to those related to sustainability, protection of the environment and corporate social responsibility
 - take a long term strategic view of its procurement needs while continually assessing, reviewing and auditing its 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 by the Council
 - ensure that risk is identified, assessed and managed at all stages of the procurement process
 - use strategic procurement practices and innovative procurement solutions to promote sustainability and best value, in particular making use of collaboration and partnership opportunities
 - use social procurement to enhance sustainable and strategic procurement to effectively contribute towards building stronger communities and meeting the wider social objectives of the Council
 - comply with legislation, corporate policies or other requirements, ensuring that all staff responsible for procurement and contract management are aware of and adhere to the legislative requirements, Council standards and best practice.

1.2. Scope

This Procurement Policy is made under Section 186A of the *Local Government Act 1989*. The Act is the key legislative framework that regulates the process of all local government procurement in Victoria. Section 186A of the Act requires the 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 the Council.

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

The Act and the Procurement Policy of the Council is the primary reference point for how all procurement should be performed.

1.3. Purpose

The purpose of this Policy is to:

- provide policy and guidance to the Council to allow consistency and control over Procurement activities
- demonstrate accountability to rate payers
- provide guidance on ethical behaviour in public sector purchasing
- demonstrate the application of elements of best practice in purchasing
- increase the probability of obtaining the right outcome when purchasing goods and services.

1.4. Treatment of GST

All monetary values stated in this policy are GST inclusive.

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 a party e.g. prices, discounts, rebates, profits, methodologies and process information.
Contract Management	The process that ensures both parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular, to provide value for money.
Council Staff	Includes full-time and part-time Council staff, and temporary employees, contractors and consultants while engaged by the 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 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.
Category Management	A 'Category' is an area of spend determined by known market boundaries separating different products, services or industries. Category management recognises that suppliers within a certain market are likely to have similarities which enable a tailored approach to procurement.
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.
e-Procurement	e-Procurement is integral to the overall development of procurement processes and involves the use of an electronic system/s to acquire and pay for supplies, services and works.
Corporate Social Responsibility (CSR)	Corporate Social Responsibility (CSR) is about taking positive action to demonstrate the Council's commitment to the local community and environment on which it impacts.
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
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.
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.
Expression of Interest (EOI)	An invitation for persons to submit an EOI for the provision of the goods and/or services generally set out in the overview of requirements contained in the document. This invitation is not an offer or a contract
Request for Proposal (RFP)	A request for proposal is generally sent to the supplier market, designed to capture commercial information and pricing. Allows Council to assess suitability and evaluate responses against a set of pre-defined requirements

Term	Definition
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 the 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.
MAV	Municipal Association of Victoria

2. EFFECTIVE LEGISLATIVE AND POLICY COMPLIANCE AND CONTROL

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 audit scrutiny.

2.1.2 Conduct of Councillors and Council Staff

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

- 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
- be able to account for all decisions and provide feedback on them.

2.1.3 Tender Processes

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

2.1.4 Conflict of Interest

Councillors and Council staff shall at all times avoid situations in which private interest’s conflict, or might reasonably be thought to conflict, or 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, tender opening, and tender evaluation panels, must:

Avoid conflicts, whether actual, potential or perceived, arising between their official duties and their private interests. Private interests include the financial and other interests of Councillors and Council staff, plus their relatives and close associates.

Declare that there is no conflict of interest. Where future conflicts, or relevant private interests arise, Council staff must make their manager, or the chairperson of the relevant tender assessment panel or board aware and allow them to decide whether the officer should continue to be involved in the specific Procurement exercise.

Observe prevailing Council guidelines on how to prevent or deal with conflict of interest situations; and not take advantage of any tender related information whether or not for personal gain.

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 throughout the procurement process so it can withstand public scrutiny.

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

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

2.1.6 Gifts and Hospitality

No Councillor or member of Council staff shall, either directly or indirectly solicit or accept gifts or presents from any member of the public involved with any matter that is connected with the duties of the officer or Councillor in the making of a decision. Councillors and staff will adhere to conduct principles within the Code of Conduct for Councillors and the Code of Conduct for Staff respectively. Councillors and Council staff must exercise the utmost discretion in accepting hospitality from contractors or their representatives, or from organisations, firms or individuals with whom they have official dealings. Councillors and Council staff should also avoid the ambiguous situation created by visiting the premises of a contractor, organisation, firm or individual uninvited and/or not on official business.

Councillors and staff who have occasion to use either a Council supplied credit card or fuel card are not to under any circumstance use these transactions to collect points on personal rewards cards.

Offers of bribes, commissions or other irregular approaches from organisations or individuals (no matter how flimsy the evidence available), must be promptly brought to the attention of the CEO.

2.1.7 Disclosure of Information

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

Councillors and Council staff are to protect, by refusing to release or discuss the following:

- allocated Council budgets for proposed tenders
- information disclosed by organisations in tenders, quotation or during tender negotiations
- all information that is Commercial in Confidence information
- pre-contract information including but not limited to information provided in quotes and tenders or subsequently provided in pre-contract negotiations
- discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubt on what is being offered by that supplier.

2.1.8 Local Benefit

Where applicable, Council will include a weighted evaluation criterion on tenders and quotations so that an assessment of the local benefit generated in awarding the works can be determined.

Local benefit is defined as the benefit generated in accepting goods or services in terms of:

- Employment generated within the Gannawarra Shire
- Materials or goods purchased from businesses within the Gannawarra Shire
- Economic benefit to local business or the community.

Generally the weighted value of 'Local Benefit' will be 10% of the overall score; however it may be as high as 15% where deemed appropriate.

Flexibility will be given to cater for government grant programs where there is an emphasis on creating economic stimulus to the local community.

Where this criterion applies, bidders are encouraged to provide detail on the following, or any other benefit, that will be generated. This detail will be used for the purpose of evaluating the local benefit derived by accepting the tender or quote:

- Percentage of materials to be purchased from within the Gannawarra Shire
- Details of local subcontractors that would be engaged and percentage of project value that they would be conducting
- Business ownership i.e. township(s) in which business is operated and township(s) in which owners reside.
- Accommodation/hospitality services that will be utilised whilst carrying out works

- Employment benefits that will occur within the Gannawarra Shire
- Ability for maintenance to be carried out by local businesses.

2.1.9 Regional Benefit

Where applicable, Council will include a weighted evaluation criterion on tenders and quotations so that an assessment of the regional benefit generated in awarding the works can be determined.

Regional benefit relates to the areas encompassed by our neighbouring councils plus the City of Greater Bendigo. Specifically the council areas are Swan Hill Rural City Council, Buloke Shire Council, Loddon Shire Council, Campaspe Shire Council, City of Greater Bendigo and Murray River Council.

Regional benefit is defined as the benefit generated in accepting goods or services in terms of:

- Employment generated within neighbouring councils and the City of Greater Bendigo
- Materials or goods purchased from businesses within neighbouring councils and the City of Greater Bendigo
- Economic benefit to regional business or the community.

Generally the weighted value of 'Regional Benefit' will be 5% of the overall score; however it may be as high as 8% where deemed appropriate.

When this criterion applies, bidders are encouraged to provide detail on the following, or any other benefit that will be generated. This detail will be used for the purpose of evaluating the regional benefit derived by accepting the tender or quote:

- Percentage of materials to be purchased from within neighbouring councils and the City of Greater Bendigo
- Details of regional subcontractors that would be engaged and the percentage of project value that they would be conducting
- Business ownership i.e. township(s) in which business is operated and township(s) in which owners reside
- Accommodation/hospitality services that will be utilised whilst carrying out works
- Employment benefits that will occur within neighbouring councils and the City of Greater Bendigo
- Ability for maintenance to be carried out by regional businesses.

Successful bidders may be asked to prove the benefits stated at any time during the contract or tender period.

2.2. Governance

2.2.1 Structure

The Council shall:

- 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 the Council
- ensure that the Council's procurement structure:
 - is flexible enough to purchase in a timely manner the diverse range of material, goods, works and services required by Council
 - ensures that prospective contractors and suppliers are afforded an equal opportunity to tender/quote
 - encourages competition.

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
- The Council's policies
- The Council's Code of Conduct
- Local Government Procurement Best Practice Guidelines
- Other relevant legislative requirements such as but not limited to the *Trade Practices Act*, *Goods Act* and the *Environmental Protection Act*.

2.2.3 Methods

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

- purchasing card and/or credit card
- purchase order following a quotation process from suppliers for goods or services that represent best value for money under directed quotation thresholds
- under contract following a tender process
- using aggregated purchasing arrangements with other Councils, MAV Procurement, Victorian Government, or other bodies
- other arrangements authorised by the Council or the CEO on a needs basis as required by abnormal circumstances such as emergencies.

The Council may, at the CEO's discretion and based on the complexity and cost of the project, conduct one stage or multi-stage tenders.

Typically a multi-stage tender process will commence with a registration of interest stage followed by a tender process involving the organisations selected as a consequence of the registration of interest stage.

2.2.4 Responsible Financial Management

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

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

Council staff must not authorise the expenditure of funds in excess of their financial delegations.

Council staff must not disclose allocated budget unless considered necessary to obtain best value for the procurement. 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.

2.3 Procurement Processes and Thresholds

2.3.1 Process

Council procurement processes are based on a number of principles:

- Best Value

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

Best value is often mistaken for meaning the lowest price, however, in terms of the contracting process, best value requires us to balance quality and price with as much transparency as is reasonably achievable. In this context price should take into account the whole life cost of the provision so far as is practicable. It follows that the delivery of best value is dependent upon Council priorities.

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

Achieving best value for money must be the basis of all procurement decisions within the Council.

- Open and Fair Competition

All suppliers are treated fairly in an open and transparent manner and have access to the same information.

- Accountability

The Council maintains consistency in the approach to procurement across the whole organisation through coherent frameworks, policies and procedures. Accountability in procurement means being able to explain and provide evidence on the process followed. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

Therefore the processes by which all procurement activities are conducted will be in accordance with the Council's procurement policy and procedures as set out in this policy and other related, relevant Council documents.

Additionally:

- all Council staff 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
- all procurement activities are to provide for an audit trail for monitoring and reporting purposes.

- Risk Management

Strategies for managing risks associated with all procurement processes are in place and consistent

- Probity and Transparency

All Council procurement processes must be conducted in a fair, honest and open manner, with the highest levels of integrity and in the public interest.

Purchase orders and invoices shall not be split to avoid procurement thresholds.

2.3.2 Minimum Spend Competition Thresholds NOTE: These thresholds are GST inclusive

2.3.2.1 Tenders

Purchase of all goods and services for which the estimated expenditure exceeds \$150,000, and building and construction works for which the estimated expenditure exceeds \$200,000, must be undertaken by public tender.

However, should the CEO consider that the nature of the requirement 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 below these thresholds.

Exemptions to tendering obligations:

- Emergency – If an emergency is declared by the CEO, Council may enter into a contract up to or beyond the limits for the provision of goods, services or works without first putting contract to public tender.
- Ministerial Exemption – the requirements of Section 186A do not apply if a contract is entered into according to arrangements approved by the Minister.

2.3.2.2 Quotations

Purchase of goods and services up to a total of \$150,000 and works having a total valuation of up to \$200,000 may be undertaken using the procurement by quotation method as described below:

- Single transaction items with a value between \$2,000 and \$4,999 – A minimum of one written quotation must be received and the details recorded before placing an order (similar details should be recorded where more than one supplier has quoted) and documented in a document management system.
- Single transactions between \$5,000 and up to \$24,999- A minimum of two written quotations must be sought. Quotations returned by the nominated closing date must be evaluated and a recommendation made in favour of the supplier offering the best value for money outcome. Details of the suppliers contacted and their quotations must be recorded on the Quote Record Form and maintained with the original quotation in the document management system. The successful supplier's original quotation must be maintained in the document management system.
- Items with a value between \$25,000 to \$149,999 (goods and services) or \$199,999 (works) – Request for Quotation.

Council will seek a minimum of three written quotations including detailed specification.

Quotations returned by the nominated closing date must be evaluated and a recommendation made in favour of the supplier offering the best value for money outcome. Details of the suppliers contacted and their quotations must be recorded on the Quote Record Form. The successful supplier’s original quotation must be maintained in a document management system.

Three quotes will not be required in instances where it is obviously impractical e.g. single realistic supplier of a required brand name product, highly specialised work or emergency situations.

Details of the suppliers contacted and their quotations must be recorded on at least a simple spreadsheet or similar document in a document management system.

Value (GST inclusive)	Requirement	Minimum Quotes Required
Up to \$2,000	Quotation desired, not mandatory	0
\$2,001 to \$4,999	Request for quotation	1
\$5,000 to \$24,999	Request for quotation	2
\$25,000 to \$149,999 (goods and services) or \$199,999 (works)	Request for quotation including detailed specification	3
\$150,000 and over (goods and services) or \$200,000 and over (works)	Public tender process	

Exemptions to the policy for obtaining quotations

- Sole Supplier – The Council deals with a number of sole suppliers where there is no market to test and obtain multiple quotations, including professional memberships, water supply, catchment management, and advertising.
- Public Advertising - Quotations may be advertised at the Council staff member’s discretion in addition to the methods above. This may occur when a field of potential tenderers hasn’t been established, or an innovative approach is required, or the project has broad appeal that may attract keen prices, etc.

2.3.2.3 Purchases through an Existing Council or Collaborative Purchasing Scheme

Collaborative Purchasing involves the use of aggregated purchasing arrangements with other councils or bodies to enhance achievement of Council objectives such as sustainable and socially responsible procurement; bottom-line cost savings, supporting local economies; achieving innovation; and better services for communities.

Value of Purchase	Minimum Process	Specification	Need to enter into Contract
Where an existing contract itemises costs for works, goods or services	Proceed with purchase	Not required	Contract already exists. Provide Purchase Order only.
Where existing contract does not itemise cost or works, goods or services	Proceed with purchase following receipt of three written quotations	At delegated Business Unit Manager’s discretion. Reference should be made to the original contract	At delegated Business Unit Manager’s discretion depending on original contract. Provide Purchase Order.

2.4 Delegation of Authority

2.4.1 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, quotation, tender and contractual processes without prior referral to the Council. This enables the Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

2.4.2 Delegations

2.4.2.1 Council Staff

The Council shall maintain a documented scheme of procurement delegations identifying the Council staff authorised to make such procurement commitments in respect of goods, services and works on behalf of the Council and their respective delegations contained in Financial Delegations policies

- Acceptance of tenders
- Acceptance of quotes
- Contract term extensions (within authorised budget)
- Contract amendment (non-financial)
- Contract amendment (financial)
- Appointment to register of pre-qualified suppliers
- Credit Card purchases
- Procedural exceptions.

2.4.2.2 Delegations Reserved for the Council

Commitments and processes which must be approved by the Council are:

- Procurements that exceed CEO's delegation
- Contract variations that drive the total contract price above the CEO's delegation

2.5 Internal Controls

The Council will install and maintain a framework of internal controls over procurement processes that will ensure:

- more than one person is involved in processing 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
- systems are in place for appropriate monitoring and performance measurement.

2.6 Risk Management

2.6.1 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.

2.6.2 Supply by Contract

The provision of goods, services and works 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 allowing the commencement of work
- use of or reference to relevant Australian Standards (or equivalent)
- effectively managing the contract including monitoring and enforcing performance.

2.7 Contract Terms

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

Where this is not possible, approval must be obtained from the appropriate member of Council staff listed in the Council Delegations.

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 listed in the Council Delegations.

2.8 Dispute Resolution

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

2.9 Category Management

The Council has a Category Management approach to procurement which brings together expertise from across the Council to identify the most appropriate and effective approach to deliver the Council's outcomes through sourcing and supply arrangements.

The main objective of category management is to reach a point where all or a very high percentage of the Council's spend within a category is being channelled through approved arrangements, aligned with strategic priorities such that value is maximised on every dollar of expenditure.

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

All Council contracts are to include contract management requirements. 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 receives value for money.

2.11 e-Procurement

e-Procurement is integral to the overall development of procurement processes and involves the use of Council's electronic system to order, receive and pay for supplies, services and works.

By utilising e-procurement Council aims to:

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

3. DEMONSTRATE SUSTAINED VALUE

3.1 Achieving Best Value

3.1.1 Requirement

The Council's procurement activities will be carried out on the basis of obtaining best value. 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 determinate of best value.

3.1.2 Approach

This will be facilitated by:

- developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout the lifecycle
- effective use of competition
- using aggregated contracts where appropriate
- identifying and rectifying inefficiencies in procurement processes
- developing cost efficient tender processes including appropriate use of e-solutions
- Council staff responsible for providing procurement services or assistance within the Council 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.

3.1.3 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
- clearly defines the Council's requirements
- encourages the use of standard products
- encourages sustainability
- eliminates unnecessarily stringent requirements.

3.2 Performance Measures and Continuous Improvement

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

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

The performance measurements developed will be used to:

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

3.3 Corporate Social Responsibility

Corporate Social Responsibility (CSR) is about taking positive action to demonstrate the Council's commitment to the local community and environment on which it impacts. This means Council maximising the 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, sustainability and diversity.

3.3.1 Social Procurement

Social Procurement generates positive outcomes by building on initiatives already undertaken by the Council in enhancing sustainable and strategic procurement practice, further enabling procurement to effectively contribute towards building stronger communities and meeting the social objectives of the Council.

The Council is committed to Social Procurement by:

- Ensuring all procurement practices are sustainable and strategically aligned with the wider Council objectives
- Achieving greater value for money across the community through the use of effective procurement
- Ensuring all businesses have the same opportunity to tender for Council contracts
- Enhancing partnerships with other Councils, suppliers and community stakeholders

- Building and maintaining a strong community by exploring ways to generate local employment (particularly among disadvantaged residents) and further strengthening the local economy
- Purchasing ethical and fair trade goods to support equitable, local, national and international trade.

3.4 Sustainability

3.4.1 General

The Council is committed to achieving sustainability and ensuring it monitors and reports on Council activities and programs that have an impact on or contribute to the environment including but not limited to the following:

- waste management
- recycling
- energy management
- emission management
- water conservation
- green building design
- procurement.

3.4.2 Sustainable Procurement

The Council recognises it has an implicit role in furthering sustainable development, through its procurement of goods, and services and works.

In addition, the Council recognises the potential impact this spend has on the environment and where applicable will integrate sustainability, environmental and social issues into the procurement process. 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
- Considering the basic life cycle analysis of products to minimise the adverse effects on the environment resulting directly or indirectly from products
- Selecting products / services that have minimal effect on the depletion of natural resources and biodiversity
- Giving a preference to fair-trade, or equivalent, and ethically sourced and produced goods and services
- Working more effectively with local suppliers to ensure they are encouraged to bid for the Council's business in line with the Procurement Policy
- Ensuring all relevant procurement contracts and tenders contain sustainability specifications as appropriate to the product or service being procured
- Comply with all Australian regulations and legislation and ensuring our suppliers do the same
- Training all Council staff on sustainability considerations within the procurement process.

3.5 Diversity

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

4. APPLY A CONSISTENT AND STANDARD APPROACH

The Council will provide effective and efficient commercial arrangements for the acquisition of goods and services

4.1 Standard Processes

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

This will be achieved via establishing the following:

- Pricing where relevant
- Processes, procedures and techniques
- Tools and business systems (e.g. implementing appropriate e-tendering, e-evaluation; e-catalogue or e-sourcing arrangements)
- Reporting requirements
- Application of standard contract terms and conditions.

4.2 Performance Indicators

Performance indicators will be in line with the Corporate Performance Reporting Framework.

4.3 Management Information

The Council seeks to improve its performance by capturing and analysing procurement management information in a variety of areas, including:

- Volume of spend
- Number of transactions per supplier
- Compliance
- Category management
- Green spend.

The Council will also use external sources of management information to assist with the procurement decision making process including:

- Benchmarking data
- Information from professional bodies such as the Chartered Institute of Purchasing and Supply Australia
- Supplier reports.

5. BUILD AND MAINTAIN SUPPLY RELATIONSHIPS

Council recognises that in order to achieve sustainable value, a strategic assessment of the appropriate 'channel to market' should be undertaken – whether to go to market on its own, participate in regional or sector aggregated projects or panels, access State Government panel agreements or other means. Council will consider supply arrangements that deliver the best value outcomes in terms of time, expertise, cost, value and outcome.

5.1 Developing and Managing Suppliers

Developing and managing suppliers is essential to achieving a competitive market capable of delivering the Council's services and works requirements.

Council needs to interact with the market and our suppliers in particular to understand their views and what enables and encourages diverse parts of the market to bid for work with the Council. At the same time Council will ensure that its relationship with strategic suppliers is mutually productive and that goals are shared. Council aims to develop a relationship with suppliers that creates mutually advantageous, flexible and long term relations based on the quality of performance and financial savings.

5.2 Supply Market Development

A wide range of suppliers should be encouraged to compete for Council work. The focus for new work need not always be with the larger more familiar businesses. Other types of organisations offering business diversity include:

- Local businesses
- Green suppliers

- Small to medium sized enterprises (SME's)
- Social enterprises
- Ethnic and minority business
- Voluntary and community organisations.

5.3 Relationship Management

The 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, to the delivery of the Council's services
- Availability of substitutes.

5.4 Communication

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

- Information about Council and how to become an approved supplier
- A list of existing and forthcoming contract opportunities, projected over a number of years
- Links to other relevant sites.

6. REVIEW PROCESS

The Council endeavours to continually improve its procurement performance such that all relevant policies, guidance and training are continually reviewed and updated. The effectiveness of this approach will be measured and reported upon annually.

7. RELATED DOCUMENTS

- Department of Environment, Land, Water and Planning (DEWLP) – Local Government Procurement Best Practice Guidelines
- *Local Government Act 1989* specifically including:
 - Section 186 (Restriction on power to enter into contracts)
 - Section 186A (Procurement Policy)
 - Section 3C (Objectives of the Council)
 - Section 98 (Delegations)
 - Section 140 (Accounts and Records)
 - Sections 77A, 77B, 78, 78A to 78E, 79, 79B to D, 80, 80A to C and 95 (Conflict of Interest)
- Council Policy No. 078 Code of Conduct and Values for Elected Members
- Employee Policy No. 034 Code of conduct for employees
- Council's Corporate Credit Card Procedures
- Council's Finance Procedures -Accounts Payable
- *Independent Broad-based Anti-corruption (IBAC) Act 2011*
- Relevant provisions of the *Competition and Consumer Act 2010*

8. POLICY REVIEW

Council will review this policy annually in accordance with section 186A (7) of the *Local Government Act 1989*.

At the time of review, this policy was compliant with the *Victorian Charter of Human Rights and Responsibilities Act 2006*.

9. FURTHER INFORMATION

Members of the public may inspect all Council policies at Gannawarra Shire Council's Kerang and Cohuna offices or online at www.gannawarra.vic.gov.au.

Any enquiries in relation to this policy should be directed to the Director Corporate Services on (03) 5450 9333.

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