



Appendix 8

15.5 Review of Council Policies


CP013 Procurement

Ordinary Meeting of Council

Wednesday 28 April 2021 at 7:00pm

Queenscliff Town Hall

COUNCIL POLICY

Procurement	Adopted By Council:	18/11/09	
	Date/s Revised:	18/10/11, 22/05/13, 29/04/15, 27/07/16, 25/05/17, 24/05/18, 20/06/19; 18/06/20	
	Next Review Date:	12/2021	
	(*review subject to legislative changes)		
	Document No:	CP013	
	Directorate:	Organisational Performance & Community Services	
	Responsible Officer:	Manager, Financial Services	

CONTEXT

The Borough of Queenscliffe has an operating expenditure budget (excluding depreciation) of approximately \$10,000,000 p.a., of which almost 50% relates to the procurement of materials and services including contracted services, and the balance largely relates to employee costs and the depreciation of Council assets.

Council’s capital expenditure budget is typically in excess of \$1,000,000 p.a. and is notably much greater over recent financial years due to significant government grant funded projects including Destination Queenscliff, Point Lonsdale Lighthouse Reserve, Queenscliff Cultural Hub and the completion of the Queenscliff Sport and Recreation Precinct.

PURPOSE

The purpose of this policy is to provide guidance and direction on best practice principles, processes and procedures which must be applied to all purchases of goods, services and works by the Council, to enable consistency and control over the procurement activities of Council.

DEFINITIONS

Best Value

Best Value in Procurement refers to selecting the supply of goods, services and works taking into account both cost and non-cost factors including:

- contribution to the advancement of the Council’s priorities;
- non-cost factors such as:
 - Fitness for purpose, quality, service, availability and support;
 - Unique prior experience, expertise, capabilities, professional stature or key personnel;
 - Local content/economic contribution to the local economy; and
- cost-related factors including whole-of-life costs and transition costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works.

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, etc.
Contract	An agreement with specific terms between two or more parties in which there is a promise to do something for a valuable benefit (consideration). This includes agreements such as memberships, subscriptions and formal Memorandum of Understandings.
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.
Corporate Social Responsibility	Corporate Social Responsibility refers to taking positive action to demonstrate the Council's commitment to the local community and environment on which it impacts.
Council Staff	Includes full-time and part-time Council officers, temporary employees, contractors and consultants while engaged by the Council.
Expression of Interest	An invitation for persons to submit an Expression of Interest 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.
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.
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.
Standing Offer Arrangements (SOA)	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.
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
Tender Process	The process of inviting parties to submit a quotation by tender using public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.
Total Value	Estimated value or reasonably anticipated value of the goods, services or works to be procured over a two year period.

- Value for Money** 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:
- 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.

POLICY

1. Principles

1.1 Background

The Borough of Queenscliffe 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, such as sustainable and socially responsible procurement, bottom-line cost savings, supporting local economies, achieving innovation, and better services for communities; and
- 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
 - a professional approach.

The Borough of Queenscliffe requires that Council's contracting, purchasing and Contract Management activities:

- 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;
- span the whole life cycle of an acquisition from initial concept to the end of the useful life of an asset, including its disposal, or the end of a service Contract;
- achieve Value for Money and quality in the acquisition of goods, services and works by the Council;
- can demonstrate that public money has been well spent;
- are conducted, and are seen to be conducted, in an impartial, fair and ethical manner;
- seek continual improvement including the embrace of innovative and technological initiatives, such as electronic tendering processes to reduce activity cost;
- generate and support business in the local community where possible; and
- 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 officers 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 Treatment of GST

All monetary values stated in this policy include GST except, where specifically stated otherwise.

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 scrutiny.

2.1.2 Conduct of Councillors and Council Staff

General

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;
- present the highest standards of professionalism and Probity;
- deal with suppliers in an honest and impartial manner that does not allow conflicts of interest;
- provide all suppliers and tenderers with the same information and equal opportunity; and
- be able to account for all decisions and provide feedback on them.

Council Staff who are responsible for managing or supervising Contracts are prohibited from performing any works under the Contract they are supervising.

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.

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.

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

Typically a multi-stage Tender Process may commence with a registration of interest stage followed by a detailed Tender Process involving the organisations selected as a consequence of the registration of interest stage.

Registrations of Interest (ROI) may be appropriate where:

- the requirement is complex, difficult to define, unknown or unclear;
- the requirement can be met through several technical solutions;
- the Council wishes to consider ahead of formal Tender Processes 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;
- it is necessary to pre-qualify suppliers and goods to meet defined standards; and
- the requirement is generally known but there is still considerable analysis, evaluation and clarification required (both of the objective and the solution).

Additionally, for highly complex projects the Council may run sequential tenders, the first to solicit solutions, the second to compete to provide the solution selected by Council. Such sequential tenders may or may not be preceded by the registration of interest phase as required by the Council based on the actual needs of the project.

2.1.4 Conflict of Interest

Councillors and Council Staff shall at all times avoid situations in which private interests conflict, or might reasonably be thought to conflict, or have the potential to conflict, with their Council duties.

Councillors and Council Staff shall not participate in any action or matter associated with the arrangement of a Contract (i.e., evaluation, negotiation, recommendation, or approval), where that person or any member of their immediate family has a significant interest, or holds a position of influence or power in a business undertaking tendering for the work.

The onus is on the Councillor and the member of Council Staff involved being alert to and promptly declaring an actual or potential conflict of interest to the Council.

Any identified conflict of interest to be declared using the Conflict Of Interest (COI) declaration form (appendix I)

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 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.

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

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

2.1.7 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 in which the Council is interested.

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.

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. If the approach is to the CEO it must be promptly brought to the attention of the Mayor.

2.1.8 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; 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 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 other than authorized pre-contract negotiations.

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; and
- ensure that the Councils' procurement structure:

- is flexible enough to purchase in a timely manner the diverse range of material, goods, works and services required by Council;
- ensures that prospective contractors and suppliers are afforded an equal opportunity to tender/quote;
- encourages competition; and
- 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;
- the Council's relevant policies and procedures;
- the Council's Code of Conduct;
- Local Government Procurement Best Practice Guidelines; and
- 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:

- 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; and
- using aggregated purchasing arrangements with other Councils, MAV Procurement, Procurement Australia (PA), Victorian Government, or other bodies;

unless other arrangements authorised by the Council or the CEO on a needs basis as required by abnormal circumstances such as emergencies.

Petty cash and corporate credit cards are available for use only when the purchase order system, Contract or purchasing arrangements are not readily accessible.

In all instances, guidelines mentioned in this policy (and other associated policies and standard operating procedures) need to be followed unless they otherwise fall within exemptions under the Local Government Act or any other Local Government regulations.

Purchase Order

Purchase orders are raised in the corporate finance system in order to make fortnightly creditor payments. There are circumstances where a purchase order is not required and or it is not appropriate that a purchase order is issued. In these circumstances, the purchase order is used as a method of ensuring that the delegation limits set out in the schedule of delegations are being adhered to. Examples include;

- reimbursement of expenditure incurred by staff on behalf of Council;
- reimbursement of petty cash expenditure (e.g. metered parking fees);
- memberships, subscriptions and other reoccurring payments;

- contributions, donations and sponsorships;
- urgent purchases (ie, an officer makes a purchase at a hardware store);
- Councillor allowances;
- fee for meeting attendance determined by Council;
- Investment lodgements;
- refunds for deposits taken (e.g. tourist park cancellations, security deposits for hall bookings);
- utility payments;
- other ad-hoc purchases where it is deemed impractical to issue a Purchase Order prior to invoice; and
- provision of services under a fixed term contract agreement entered into after following a proper quotation or tender process (however, it is encouraged to issue a purchase order for the full contract value at the time of signing the contract).

Petty Cash

Scope of Use

Petty cash may be used to make purchases for Borough of Queenscliffe under the value of \$100.

Use of Form:

- An entry for each purchase is to be made on the Petty Cash Reimbursement Claim Form. This entry must be signed by the person receiving the petty cash.
- All purchases must have a receipt or proof of purchase and be counter signed by the claimer's manager or another general manager to authorise reimbursement. Receipts must be attached to the Petty Cash Reimbursement Claim Form in order of purchase. *Authority:*
 - Any staff member may claim petty cash.
 - Authorised petty cash claims may be reimbursed by staff who hold delegated responsibility under their position description.
 - Finance staff will review and process all reconciliations and recoupments of petty cash funds.

Corporate Credit Cards

Corporate credit cards may be used as a means to purchase goods, works or services for the Borough of Queenscliffe only when the standard methods for purchasing goods works and services are not readily accessible. Corporate credit cards must be used in accordance with the Borough's credit cards standing operating procedure and are not to be used for personal use. Personal credit cards are not to be used in any circumstance to purchase goods and services for the Borough.

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 tender budgets to suppliers.

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 Thresholds and Competition

2.3.1 Requirement

The Council will from time to time decide and publish in this policy clear guidelines for minimum spend competition thresholds. These will be decided by the Council by analysing the historical size and complexity of the Procurement activity and of proposed Procurement activities.

2.3.2 Minimum Spend Competition Thresholds

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 as per the thresholds contained in the Local Government Act.

If the Total Value against a supplier, contractor or consultant is anticipated to exceed the tendering threshold over a two year period, then public tendering of the goods/services/works is required.

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.

Tender processes must be managed in accordance with the Borough's competitive tendering standing operating procedure.

Quotations:

Purchase of goods and services having a total value of \$150,000 or less and works having a total value of \$200,000 or less may be undertaken using the Procurement by quotation method as described below:

Up to \$1,000 #	>\$1,001 to \$5,000 #	> \$5,001 to \$20,000 #	> \$20,001 to \$75,000 #	> \$75,001 to \$150,000 / \$200,000 #
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Quotations Required

Obtain at least one (1) verbal or written quotation.	Obtain at least one (1) written quotation	Obtain at least two(2) written quotations	Obtain at least three (3) written quotations	Obtain at least five (5) written quotations
A written quote is preferable for verification purposes.	If less than the minimum quotations are to be sought or were received, then the purchase is not to proceed unless the reasons for proceeding with the purchase are approved by the Chief Executive Officer and placed on the relevant file in the Councils' Records system.			

All \$ sums include GST

- Items with a Total Value up to \$1,000 – Request for Quotation.
 - A minimum of one verbal or written quotation must be obtained and the details recorded before placing an order (similar details must be recorded where more than one supplier has quoted) and documented in the Council's procurement system.
- Items with a Total Value \$1,001 to \$5,000 – Request for Quotation.
 - Council will receive a minimum of one email or written quotation which must be recorded on Councils' procurement system.

- Items with a Total Value \$5,001 to \$20,000 – Request for Quotation.
 - Council will receive a minimum of two email or written quotations which must be recorded on Councils' procurement system; and
 - the quotation offering the best Value for Money must be confirmed by the supplier on company letterhead / formal business email address and the order placed with that firm.

- Items with a Total Value \$20,001 to \$75,000 – Request for Quotation.
 - Council will receive a minimum of three email or written quotations which must be recorded on Councils' procurement system; advertising is not required; and
 - 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.

- Items with a Total Value \$75,001 to \$150,000/\$200,000 – Request for Quotation.
 - Council will receive up to five written quotations by issuing a written Request for Quotation; Public advertising is not required; and
 - 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, which must be recorded on Councils' procurement system.

Exemptions - Quotations

Considering the materiality and the nature of the transaction, the following instances are exempted from the quotation process. However, it is always encouraged to follow the quotation process to ensure best Value for Money.

- reimbursement of petty cash expenditure (e.g. metered parking fees);
- memberships, subscriptions and other reoccurring payments;
- contributions, donations and sponsorships;
- urgent purchases (ie, an officer makes a purchase at a hardware store);
- Councillor allowances;
- fee for meeting attendance determined by Council;
- Investment lodgements;
- refunds for deposits taken (e.g. tourist park cancellations, security deposits for hall bookings);
- utility payments;
- other ad-hoc and purchases where it is deemed impractical to obtain quotation before making the purchase; and
- any purchase which falls within exemptions under the Local Government Act or any other Local Government regulations.

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.

Insufficient quotations:

The situation may arise where less than the required quotations are requested and/or received to satisfy the above requirements.

This may occasionally occur where:

- i) there are few suppliers for the goods, services or works being sought;
- ii) the work is highly specialised; and/or

iii) the supplier's unique prior experience, expertise, capabilities, professional stature or key personnel.

If less than the minimum quotations are to be sought and/or were received, then the purchase is not to proceed unless the justification for proceeding with the purchase are approved by the Chief Executive Officer and placed on the relevant file in the Council's records system.

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.

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

As such, the 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.

2.4.2 Delegations

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 the Schedule of Delegations approved by the Chief Executive Officer and Council 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;
- corporate Credit Card purchases; and
- procedural exceptions.

The Schedule of Delegations documents the scope of staff member delegations. The Chief Executive Officer within his delegation is authorised to approve the issue of Corporate Credit Cards to members of staff based on operational and business needs.

Delegations Reserved for the Council

Commitments and processes which exceed the CEO's delegation in the *Instrument of Delegation to the Chief Executive Officer* made by resolution of Council and which must be approved by the Council are:

- initial signing and sealing of contract documents;
- contract approval for all expenditure over CEO's approved delegation; and
- variations and contract term extensions (requiring additional budget).

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 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.

2.6 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.

2.7 Risk Management

2.7.1 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 CP017 Risk Management Policy, relevant occupational health and safety contractor compliance procedures and any Commonwealth or State regulatory requirements.

2.7.2 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 allowing the commencement of work;
- use of or reference to relevant Australian Standards (or equivalent); and
- effectively managing the Contract including monitoring and enforcing performance.

2.8 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. A request for such an approval should be supported with Procurement and legal advice as relevant.

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.

2.9 Endorsement

Council Staff must not endorse any products or services. Individual requests received for endorsement must be referred to General Manager level or above.

2.10 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.

2.11 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; and
- adhering to Council's risk management framework and adhering to 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.

All new contracts need to be assessed by a member of the Financial Services team to assess any potential implications of AASB 16 – Leases.

3. Demonstrate Sustained Value

3.1 Integration with Council Strategy

The Council Procurement strategy shall support the aims and objectives of the Council Plan, including but not limited to those related to Sustainability, protection of the environment, Corporate Social Responsibility and meeting the needs of the local community.

3.2 Achieving Value for Money

3.2.1 Requirement

The Council's Procurement activities will be carried out on the basis of obtaining best Value for Money.

This means minimising the total cost of ownership over the lifetime of the requirement consistent with acceptable quality, reliability and delivery considerations. Lowest price will not necessarily achieve Value for Money.

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 the lifecycle;
- effective use of competition;
- using aggregated Contracts and Standing Offer Agreements (SOA) 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; and
- 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.

3.2.3 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;
- clearly defines the Council's requirements;
- encourages the use of standard products;
- encourages Sustainability; and
- eliminates unnecessarily stringent requirements.

3.3 Performance Measure and Continuous Improvement

Appropriate performance measures are to be established and reporting systems 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; and
- facilitate programs to drive improvement in Procurement to eliminate waste and inefficiencies across key spend categories.

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; and
- procurement.

3.4.2 Sustainable Procurement

The Council is committed to adopting a Green Procurement approach by supporting the principles of sustainable Procurement within the context of purchasing on a Best Value basis.

Best Value purchasing decisions made by the Council are made on the basis of whole-of-life cost and non-price factors including contribution to the Council's Sustainability objectives.

The Council prefers to purchase environmentally preferred products whenever they achieve the same function and Value for Money outcomes.

The Council will therefore consider the following environmental Sustainability criteria:

- **Reduce, Reuse, and Recycle:**

The Council is committed to reduce resources, consumption and minimise waste during the Procurement life cycle including:

- the Council shall encourage and prefer Eco-friendly products which are more power efficient;
- selecting energy, fuel and water efficient products;
- the Council shall prefer to purchase from a source which is less polluting or uses clean technology; and
- the Council's Procurement projects should automatically consider the provision of re-usable products and recycling as part of the project planning process, including the consideration of whole-life costs and disposal considerations.

- **Buy Recycled:**

The Council is committed to buy recycled/part recycled products to optimise consumption and stimulate demand for recycled products, promoting the collection and reprocessing of waste and working towards zero discharge to landfill.

- **Green the Supply Chain:**

The Council shall encourage Council suppliers to adopt good environmental practices.

The Council will actively promote green Procurement throughout its supply chain and ensure selection which has minimum environmental impact. (such as, purchases through Council's membership in Eco-buy where this is shown to be the best environmental decision and consistent with the Value for Money principles outlined in this policy).

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.

3.6 Support of Local Business

Council is committed to buying from local business where such purchases may be justified on Best Value grounds. Local providers are given an equal opportunity to quote and tender. Where a local provider can match or better other providers on price, quality and availability, preference is given to the local provider.

Wherever practicable, Council will fully examine the benefits available through purchasing goods, services and works from suppliers/contractors within the Borough of Queenscliffe. Council will also seek from prospective suppliers/contractors, where applicable, what economic contribution they will make to the local economy.

- purchases up to \$5,000: Council will consider using a local supplier where possible;

- purchases \$5,000 up to \$150,000: Council will endeavour to obtain a minimum of one quote from a local supplier where possible; and
- open Tender: when a public tender process is undertaken, all Tender's must include a Local Content Statement and Local Content criterion in the Tender Evaluation Matrix. A weighting percentage up to a maximum value of 10% will be assigned to this criterion for assessment. Assessment of the Local Content will be determined by the Tender Evaluation Panel.

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; and
- application of standard Contract terms and conditions.

4.2 Performance Indicators

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

- the proportion of spend against corporate Contracts;
- user and supplier satisfaction levels;
- knowledge and skill of Council employees in Procurement process;
- level of compliance and understanding of Council Procurement policies; and
- measuring the success of Procurement initiatives eg. Procurement cards.

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;
- supplier performance;
- user satisfaction;
- category management; and
- 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; and
- 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

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

- managing existing suppliers, via the appropriate development programs and performance measurements to ensure the benefits are delivered;
- maintaining approved supplier lists; and
- developing new suppliers and improving the capability of existing suppliers where appropriate.

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; and
- 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; 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 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;
- guidelines for doing business with Council;
- standard documentation used in the Procurement process; and
- links to other relevant sites.

Creditor accounts must be managed in accordance with the Borough of Queenscliffe Council Policy CP033 Creditor Management.

TRAINING AND/OR COMMUNICATION

Ongoing awareness of this policy is promoted to ensure all purchases of goods, services and works are undertaken in a consistent manner. Annual or biennial refresher training will be provided to all staff via Council's annual training schedule.

CONTINUOUS IMPROVEMENT

Council will undertake a review of this policy as a minimum every year, in accordance with the *Local Government Act 1989*, and as required.

OTHER REFERENCES

Borough of Queenscliffe CP013 Procurement Schedule of Delegations

Borough of Queenscliffe Council Policy CP005 Councillors Code of Conduct

Borough of Queenscliffe Council Policy CP017 Risk Management

Borough of Queenscliffe Council Policy CP008 Fraud Prevention

Borough of Queenscliffe Council Policy CP033 Creditor Management

Borough of Queenscliffe Standard Operating Procedure SOP005 Motor Vehicles

Borough of Queenscliffe Standard Operating Procedure SOP006 Staff Code of Conduct

Borough of Queenscliffe Standard Operating Procedure SOP038 Credit Cards

Borough of Queenscliffe Standard Operating Procedure SOP010 Competitive Tendering

Local Government Act 1989

Victorian Local Government Best Practice Procurement Guidelines, 2013, Department of Planning and Community Development, Victoria

END

Conflict of Interest Declaration and Action Plan Form

Use this form if you believe that you may be involved in a conflict of interest situation or if you are unsure and want formal clarification.

Section 1 – Staff / contractor / panel member details:			
Name		Position	
Location		Contact Number	
Organisation			
Email			
Section 2 – Staff / contractor / panel member disclosure:			
The following conflict of interest has been identified:			
The conflict relates to (tick appropriate box/s):			
<input type="checkbox"/> Relationship with another staff member	<input type="checkbox"/> Relationship with family or friends	<input type="checkbox"/> Relationship with external parties	<input type="checkbox"/> Financial interest
<input type="checkbox"/> Outside work activities (paid / unpaid)	<input type="checkbox"/> Conflict of duty e.g. membership of another public sector or private organisation	<input type="checkbox"/> Other (please detail):	
The conflict is expected to last (tick appropriate box):			
<input type="checkbox"/> 0-12 Months	<input type="checkbox"/> >12 months or ongoing		
Section 3 – To be completed by principal, chair or equivalent			
In my opinion the details provided (tick appropriate box):			
<input type="checkbox"/> <u>Does not</u> constitute a conflict of interest, and I authorise the staff member / contractor / panel member to continue the activity. (Go to Section 4)			
<input type="checkbox"/> <u>Does</u> constitute an actual, potential or perceived conflict of interest (if ticked, please provide a detailed action plan below)			
<p>If situation <u>does</u> constitute a conflict of interest, the following has been considered:</p> <ul style="list-style-type: none"> Ensuring all information surrounding the conflict has been disclosed and documented Informing likely affected persons of the conflict, seeking their views where relevant as to whether they object Strengthening the internal management arrangements Consulting Council support for advice and direction if regarding tenders Reformulating the persons scope of work, or restricting access to certain information Relinquish the interest that is causing the conflict Removing the person from their existing duties, or transferring the person to other work Close monitoring of the persons activities in relation to the conflict of interest Take no further action because the conflict is minimal <p>I have reviewed the above considerations and request that the staff / contractor / panel member takes the following action to eliminate / manage the conflict:-</p> <p>I will ensure this action plan is reviewed:</p> <input type="checkbox"/> Within 1 month <input type="checkbox"/> Within 3 months <input type="checkbox"/> Within 6 month <input type="checkbox"/> Within 12 months <input type="checkbox"/> Other – specify: <input type="checkbox"/> N/A as the conflict is a one off of short duration			

Section 4 – Staff / contractor / panel member declaration

To the best of my knowledge and belief, any actual, perceived or potential conflicts between my duties at the Borough of Queenscliffe and my private and/or business interests have been fully disclosed in this form. I acknowledge, and agree to comply with, any approach identified in this form for removing or managing an actual, perceived or potential conflict of interest.

Signature: _____ Date: _____

Section 5 – Principal, chair or equivalents declaration

The actions described in the approach outlined in Section 3 have been put in place to effectively manage any actual, potential or perceived conflict of interest disclosed in Section 2. The approach outlined in Section 3 ensures that Councils' public interests and reputation is adequately protected.

Name: _____

Signature: _____ Date: _____

DRAFT