



City of
STONNINGTON



Bayside
CITY COUNCIL



Cardinia



GREATER
DANDENONG
City of Opportunity



GLEN EIRA
CITY COUNCIL



MORNINGTON
PENINSULA
Shire

2021-2025

Procurement Policy

South East Regional Group of Councils

Stonnington City Council

ADOPTED BY COUNCIL 13 DECEMBER 2021

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1. Definitions and Abbreviations

Act	Local Government Act 2020.
Best Practice	As defined in the Local Government Best Practice Procurement Guidelines or any other document specified by Council.
Collaborative Procurement Arrangement	A contract established by the Council, government or a nominated agent, such as Municipal Association of Victoria (MAV), Procurement Australasia (PA), South East Regional Group of Councils (SERGC) or local government entity, for the benefit of numerous state, federal and/or local government entities that achieves best value by leveraging combined economies of scale.
Commercial in Confidence	Information that, if released, may prejudice the business dealings or commercial interests of Council or another party, e.g. prices, discounts, rebates, profits, methodologies and process information, etc.
Contract Management	The process that ensures all parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the contract objectives and provide Value for Money.
Council	City of Stonnington.
Delegated Officer	An employee who has been granted authorisation to approve expenditure of Council funds within the delegations that are recorded in the Financial Delegations Register. Delegations may be granted under the headings of Standard Delegated Authority, Authorised Expenditure or Extraordinary Delegated Authority.
Emergency	A sudden or unexpected event requiring immediate action including the occurrence of a natural disaster, flooding or fire event at a Council property; the unforeseen cessation of trading of a core service provider; any other situation which is liable to constitute a risk to life or property.
Independent Evaluation Panel Members	<p>Evaluation Panels where the procurement is greater than \$50,000 will include one member who is independent of the operational area undertaking the procurement, not including external consultants.</p> <p>A Finance Delegate is required to participate on all tender evaluation panels where the value for the life of the contract exceeds \$3 Million.</p> <p>Council may also engage the services of external independent persons e.g. Probity Auditors or specific industry experts to assist Council in evaluating tenders and high value or high risk quotations. Such persons are referred to as Independent Evaluation Panel Members and voting rights of these Panel members is to be determined by the Manager and/or Director.</p>
Local Supplier	A commercial business with an operational premise that is physically located or perform the majority of their goods/services within the municipal borders of Stonnington City Council. In the event of collaborative procurement between Councils, the borders will lie within the boundaries of those participating Councils.
Material Breach	Any breach of this policy that may also represent a breach of legislation such as procurement thresholds, fraud or corruption, and occupational health and safety.
Probity	<p>Probity is the evidence of ethical behaviour, and can be defined as complete and confirmed integrity, uprightness and honesty in a particular process.</p> <p>Probity is a defensible process which is able to withstand internal and external scrutiny, achieves both accountability and transparency, providing respondents with fair and equitable treatment.</p>
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. It also includes the organisational and governance frameworks that underpin the procurement function.

Project Control Group	A select group appointed to oversee a project, usually from start to finish. This group will usually contain a member of Council with appropriate delegation to direct the outcome of the project. This group may support the development of the project specification or scope, assign tender criteria and weightings to be applied. Members of this group may also be appointed as members of the Tender and Quotation Evaluation Panel.
Request for Proposal (RFT / RFQ / EOI)	The process of inviting the supplier market to submit a proposal via tender, quotation or expression of interest (two-stage tender process). This process is designed to capture commercial information and pricing, followed by the evaluation of submissions and selection of a successful respondent.
Schedule of Rates	The prescribed rates for performance of or delivery of goods, works and services which are documented in a Contract.
Supplier Code of Conduct	A Supplier Code of Conduct sets out the standards of behaviour that a supplier agrees comply with when under Contract with Council. For those Contracts to which the Supplier Code of Conduct will apply, suppliers will be provided with a copy of the Supplier Code of Conduct at tender or quotation.
Social Enterprise	<p>Businesses that trade to intentionally tackle social problems, improve communities, provide people access to employment and training, or help the environment. They derive most of their income from trade (not donations or grants) and use the majority of their profits (at least 50%) to contribute to their social mission.</p> <p>Among other benefits, Social Enterprises play an important role in providing transitional employment for disadvantaged job seekers, including people with disability, as a pathway to employment in mainstream businesses. Social Enterprises can also provide ongoing employment options for disadvantaged job seekers who may not be well placed to sustain mainstream employment over the longer term.</p>
South East Regional Group of Councils (SERGC)	The 11 partnering Councils comprising the SERGC being the Cities of Bayside, Boroondara, Casey, Dandenong, Frankston, Glen Eira, Kingston, Port Phillip, Stonnington, and Cardinia and Mornington Peninsula Shire Councils.
Tender and Quotation Evaluation Panel	Means the panels appointed for a particular project in accordance with the requirements set out in section 3A of this Policy and which may comprise Independent Evaluation Panel Members, members of the Project Control Group or other Council Employees as required.
Total Contract Sum	<p>The potential total value of the contract including:</p> <ul style="list-style-type: none"> • costs for the full term of the contract, including any options for either party to extend the contract • applicable goods and services tax (GST) • anticipated contingency allowances or variations • all other known, anticipated and reasonably foreseeable costs.
Value for Money	<p>Value for Money in procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:</p> <ul style="list-style-type: none"> • Non-cost factors such as contribution to the advancement of Council's priorities, 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.

2. Purpose

The Council purchases goods, services and works to support service delivery and the maintenance and development of infrastructure. The Council is required under sections 108 and 109 of the [Local Government Act 2020](#) (the Act) to prepare, adopt and comply with its Procurement Policy. In accordance with the Act, this policy sets out the key principles, processes and procedures applied to all purchases of goods, services and works by Council.

This Policy has been developed collaboratively by the South East Regional Group of Councils (SERGC) with a view to facilitating smooth collaborative procurement processes, consistent with the Act. This Policy also incorporates content that is specific to Stonnington City Council and may differ from that of the other SERGC Councils and is intended to apply only to procurement involving the Council.

3. Applicability

This Policy applies to all contracting and procurement activities conducted at each Council and is applicable to all Councillors, Council Staff and other persons undertaking procurement on Council's behalf.

It is recognised this will enhance achievement of each Council's objectives such as sustainable and socially responsible procurement, supporting local economies and obtaining Value for Money, leading to a better result in the provision of goods, services and works for the benefit of the community.

This Policy provides direction on the conduct of procurement activities throughout the sourcing, management and disposal phases. It also covers the general procurement framework but does not extend to the related accounts payable processes.

This Procurement Policy applies to Stonnington City Council. Officers must comply with this Policy before entering into a contract for the purchase of goods or services or the carrying out of works.

4. Guiding Principles

Council's procurement processes are based on the following principles, irrespective of the value and complexity of that procurement:

4.1 Procurement Principles

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

- Value for Money
- sustainability (economic, social and environmental)
- open and fair competition
- accountability
- risk management
- probity and transparency

4.2 Value for Money

Council will weigh the benefits of the procurement against the costs necessary for the optimum result for Council and the local community. While Council is not required to accept the lowest price, it is required to take into account several factors such as quality, cost, warranties, accessibility of the service and other factors relevant to both the overall procurement objectives and the Act.

In terms of the contracting process, Value for Money requires Council to apply appropriate weighting for 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 as far as is practicable.

To achieve Value for Money for the community, Council will look beyond upfront costs to make purchasing decisions based on the entire life cycle of goods and services or works, and take into account related costs, environmental/circular economy and social risks and benefits, and broader social and environmental implications.

Council will seek to conduct sustainable procurement through measures including, but not limited to:

- a) adopting any Federal or Local Government policies, targets and strategies that avoid unnecessary consumption and help to manage demand;
- b) giving consideration to the purchase of goods and infrastructure that can be reused, repaired and recycled, and that include recycled content;
- c) giving consideration to the purchase of goods, services or works that benefit local suppliers or social enterprises;
- d) minimising environmental impacts over the life of the goods and services by choosing products or services that have lower adverse impacts associated with their production, use or disposal;
- e) fostering innovation in sustainable products and services through the design and implementation of procurements;
- f) pursuit of fair and ethical sourcing practices that require suppliers to comply with socially responsible practices, including legislative obligations to employees.

Achieving Value for Money shall be the basis of all procurement decisions within Council.

4.3 Assessing the Evaluation Criteria - Value for Money

Council's procurement activities will be carried out on the basis of obtaining Value for Money consistent with acceptable quality, reliability and delivery considerations.

Value for Money in Council procurement is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:

- a) non-cost factors such as contribution to the advancement of Council's priorities, fitness for purpose, quality, social and environmental impacts, service and support; and
- b) 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.

Value for Money is best achieved by:

- a) developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout the procurement lifecycle;
- b) aggregating purchasing whenever possible; and
- c) undertaking competitive procurement processes.

The Council may include the following evaluation criteria categories to determine whether a proposed contract provides Value for Money:

- Mandatory Compliance criteria (e.g. ABN registration, OH&S, Fair Work Act).
- Tendered price.
- Capacity of the Respondent to provide the Goods and/or Services and/or Works.
- Capability of the Respondent to provide the Goods and/or Services and/or Works.
- Demonstration of Sustainable Procurement Impact.
- Any other criteria relevant to the Goods and/or Services and/or Works being procured.

4.4 Corporate Social Responsibility (Sustainable and Ethical Procurement)

Council will support sustainability through its purchasing activity and prioritise purchases that avoid and reduce waste, maximise resource recovery and reuse, increase use of recycled materials, improve energy and water efficiency, enhance biodiversity, reduce greenhouse gas emissions and ensure climate resilience.

Value for Money purchasing decisions made by Council are made based on whole-of-life cost and non-price factors including contribution to Council's sustainability objectives.

Council prefers to purchase sustainable, recycled and environmentally preferred products whenever they achieve the same function and Value for Money outcomes. Council may spend up to ten percent more for products that provide environmentally sustainable benefits.

Council will support products and new industries which provide sustainable and social benefits.

Council will monitor and report on Council procurement activities and programs that have an impact on or contribute to the environment.

4.5 Advancing Economic, Social and Environmental Objectives

Council will seek to advance economic, social and environmental objectives to benefit the community directly by purchasing from for-social benefit entities, and indirectly by including social clauses in its contracts with private sector providers and screening supply chains for ethical considerations.

Council will at a minimum apply a 5% (10% maximum) in the evaluation of proposals that:

- i. are from Social Enterprises or include Social Enterprises in their supply chain;
- ii. are from Indigenous Suppliers or include Indigenous Suppliers in their supply chain;
- iii. are from local suppliers either within Stonnington or from the municipalities as defined by the SERPEN; and or
- iv. incorporate environmental and sustainable initiatives.

Council will also give regard to the following elements when making procurement decisions:

- **Economic Sustainability** - Council supports local businesses and economic diversity by encouraging purchases that:
 - Are made from local suppliers and Small to Medium Enterprises;
 - Generate local employment; and
 - Consider the cost vs. life cycle/durability of purchases.
- **Social Sustainability** - Council seeks to address disadvantage by encouraging diversity, acceptance, fairness, compassion, inclusiveness and access for people of all abilities in its purchasing by seeking to:
 - Create new jobs and opportunities for people who may be struggling to find work;
 - Target cohorts that may be experiencing economic exclusion;
 - Reinvigorate depressed or marginalised communities; and
 - Improve equity of access to opportunities.
- **Environmental Sustainability** - Council declared a Climate Emergency on 17 February, 2020 and has committed to achieving zero net emissions for Council operations by 2030. As such, Council seeks to make procurement decisions that promote:
 - Consideration of whole-of-life cost;
 - Promote resource recovery and reuse;
 - Avoid and reduce waste;
 - Improve energy efficiency;
 - Improve water efficiency;
 - Support integrated water management;
 - Support greenhouse emissions reductions and climate adaptation ;
 - Encourage innovation;
 - Select products and materials that reduce biodiversity impacts and depletion of natural resources;
 - Explore alternative purchasing decisions such as hiring, leasing and borrowing; and
 - Working with Council suppliers to reduce their environmental impact and ensure Council's climate emergency commitments are replicated throughout the supply chain.

4.6 Probity, Accountability and Transparency

Accountability in procurement must include the ability to provide a reasonable explanation and evidence of the process undertaken, including the recommendations and decisions made. An independent third party must be able to see clearly that a fair, reasonable and transparent process has been followed.

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

Therefore, the processes by which all Procurement activities are conducted will be in accordance with the Council's Procurement Policy, associated policies and procedures as set out in this Policy, relevant Legislation, relevant Australian Standards, Commercial Law and the *Local Government Act 2020*.

Where a third-party agent is engaged to procure goods, services or works on behalf of the Council, they must ensure they are compliant with the relevant legislation including the Act.

4.6.1 Probity

Council has a responsibility to obtain Value for Money and this must be achieved by acting with probity. Procurement probity is a defensible process, able to withstand internal and external scrutiny, one which achieves accountability, transparency and provides tenderers with fair and equitable treatment. Probity is about ensuring the procedural integrity of the procurement process, guarding against collusion and fraud and anti-competitive conduct, and not receiving personal gain.

Council may choose to engage Probity services depending on the nature, complexity, risk and value of a procurement activity. Guidance on engagement of Probity services will be provided by the Procurement function.

4.6.2 Probity Advisor

A probity advisor should be appointed and a formal probity plan developed in the following circumstances:

- Where the proposed Total Contract Sum exceeds \$3 million over the life of the contract or for a lesser value set by Council from time to time; and/or
- Where a proposed contract is considered by the Procurement Unit or the CEO to be particularly complex, of a high risk or controversial nature, and requiring a high level of public confidence.

A probity advisor may be appointed to any tender evaluation panel and may be appointed to oversee the evaluation process.

4.6.3 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 information disclosed by organisations by refusing to release or discuss the following:

- information disclosed by organisations in responses to requests for tenders, expressions of interest, requests for proposals or request for quotations or during any subsequent discussions and negotiations;
- all information that is provided as Commercial-in-Confidence; and
- pre-contract information, including but not limited to, information provided in quotes and tenders or subsequently provided in pre-contract negotiations.

Councillors, Council employees and independent evaluation panel members are to avoid references to current or proposed contracts in discussion with acquaintances or outside interests.

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

At no stage should any discussion be entered into which could improperly influence the procurement process or negotiation of a contract prior to the contract approval process being finalised, other than authorised pre-contract negotiations.

4.7 Risk Management

The principles of risk management are to be appropriately applied at all stages of Procurement activities, which will be properly planned and carried out in a manner that will protect and enhance the Council's capability to prevent, withstand and recover from personal injury, property damage, reputational loss, financial exposure and interruption to the supply of goods, services and works.

The provision of goods, services and works by a supplier or contractor potentially exposes Council to risk. The Council will minimise its risk exposure through a number of processes and practices (refer to Appendix 7).

5. Council Policy

5.1 Procurement Structure, Processes, Procedures and Systems

Council maintains a procurement function responsible for:

- a) Maintaining the Procurement Policy and associated guidelines, processes and procedures;
- b) Maintaining appropriate purchasing, procurement and contract management systems and tools;
- c) Providing procurement-related advice and support to the organisation as required;
- d) Building organisational procurement and contract management capability (including delivery of training and provision of guidance materials);
- e) Promoting awareness of and monitoring compliance with this Policy;
- f) Ensuring Legislation is followed, reporting breaches and corrective actions in a timely manner;
- g) Collaborating with other councils and organisations to identify best practice in and achieving better value from procurement.

Councillors, staff and persons undertaking procurement on Council's behalf are responsible for complying with this Policy.

The Council will maintain a Procurement and Contract Management manual detailing the processes, procedures and systems related to procurement.

The Council will maintain details of contracts entered into.

Whenever practicable, Council must give effective and substantial preference to contracts for the purchase of goods, machinery or material manufactured or produced in Australia or New Zealand.

5.2 Procurement Methods

The standard methods for procurement will be:

- a) Purchase order following a quotation process;
- b) Purchase order under contract following a tender process;
- c) Under approved purchasing schemes (Panel contracts); and/or
- d) Purchasing/Credit Card

The source of funds must be identified and the procurement authorised in accordance with the Council's financial Delegations of authority, before any commitment to purchase is made.

More than one person will be involved in, and responsible for, each transaction with appropriate authorisations obtained and documented.

Council may seek Expressions of Interest where:

- a) there are likely to be many tenderers; and/or
- b) tendering will be costly, or the procurement is complex and Council does not wish to impose the costs of preparing full tenders on all tenderers; and/or
- c) there is uncertainty as to the willingness and/or interest of vendors to offer the required procurement; and/or
- d) Council requires advice from the market regarding how best to address a particular need.

All Expressions of Interest and public Tenders invited by Council will be published via Council's eTendering Portal.

Information regarding Current Tenders and Awarded Tenders will be published on Council's website.

Panel Contracts include the Council's Panel contracts, eligible State Government Panel contracts including the Construction Supplier Register, and approved schemes including MAV Procurement and Procurement Australasia.

For procurements where there is an existing Panel Contract, staff are required to:

- a) Obtain the relevant number of quotes from suitable Panel members, in line with this Policy;
- b) Raise a purchase order including the relevant information, e.g. must use VendorPanel process and register rules, or internal panels / pre-approved supplier lists.

Council will identify and actively investigate relevant collaborative procurement opportunities, where the procurement objectives are focussed on collaborative benefits, and/or shared services that align within the public tender thresholds amongst the SERGC.

5.3 Strategic Procurement

Council's procurement processes will be based on the principles of Strategic Procurement. Planning for an individual procurement exercise will include consideration of collaborative procurement opportunities, access to suppliers under existing contracts and analysis of alternative contract models. Guidance and procurement planning templates are available from the Procurement Unit.

5.4 Collaborative Procurement

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

Council Officers must consider opportunities for collaborative procurement in relation to a publicly tendered procurement process undertaken by Council where a cumulative contract value including extensions will exceed \$1 Million. Officers will need to provide evidence that they have sought opportunities for collaborative procurement. This may include:

- the nature of those opportunities, if any, and the councils or public bodies with which they are available; and
- why Council did, or did not, pursue the identified opportunities for collaboration in relation that procurement process.

Furthermore, Council may collaborate with other Councils to procure goods, services or works, or utilise MAV Procurement, State or Commonwealth Government and Procurement Australasia contracts for the procurement of goods, services or works established through a public tender process where it provides an advantageous, Value for Money outcome for the Council.

Where a Procurement for services or works is 100% funded by a State or Commonwealth grant it may be exempt from collaborative procurement dependant on the nature of the grant conditions.

5.5 Procurement Processes, Thresholds and Competition

Section 108 of the Act details that each Council will set the public tender threshold circumstances when tenders for contracts must be publicly invited.

Guidelines will be determined from time to time for minimum spend thresholds associated with Council's procurement activities. These will be decided by analysing the historical size and complexity of the procurement activity and of proposed procurement activities.

Council will invite tenders, proposals, quotes and expressions of interest from the supply market for goods, services, building and construction works in accordance with the thresholds listed in Appendix 1 of this Policy to ensure compliance with the Act. These thresholds will only be varied with approval from within each particular

Council. The thresholds must represent the estimated value of the whole term of the contract i.e. the initial term plus any options to extend the initial contract term, and are to be inclusive of GST.

Procurement transactions will not be split to circumvent the thresholds as listed in Appendix 1. This includes cumulative expenditure.

The options for a procurement process compliant with the public tendering requirements contained in the Act include:

- a) Council running its own publicly advertised tender process, a variety of advertising mediums may be chosen from, including national newspapers, local newspapers and web based forums;
- b) Council participating in collaborative tender processes for similar services in conjunction with other councils, including councils in the SERGC;
- c) Council appointing an external agent to run a tender process on its behalf. Organisations such as Procurement Australasia and Municipal Association of Victoria (MAV) Procurement are active in this area;
- d) Council accessing Victorian State Government contracts (e.g. State Purchase Contracts, Whole-of-Government contracts) that have been made available to Local Government and which Local Government can access without the need to comply with the requirements of Division 2 Section 108 (1) of the Act;
- e) Council accessing contracts for panels of suppliers where those panels have been put in place through a compliant tender process. For example, these panel contracts may have been put in place through a Council-run tender process, a tender process run for Council by an external agent or be a Victorian State Government panel made available to Local Government; or
- f) Seek an exemption as outlined in section 108 3 (d) of the Act (refer to section 5.7 of this Policy).

5.6 Tender Evaluation and Negotiation

Council will only accept tenders lodged by the method as described in the tender documents provided by Council's Procurement Unit. Council will not accept late tenders.

The tender selection criteria and weighting for each criterion will be documented prior to the requesting of tenders. An appropriately qualified and briefed Evaluation Panel will be established to evaluate each tender submission against the tender selection criteria. External representatives may be part of, or an advisor to, the panel to ensure appropriate skills, experience and/or probity.

The evaluation process must be robust, transparent and unbiased. Each Panel Member will be required to formally declare any Conflicts of Interest, prior to commencing their evaluations.

Refer to section 4.6.2 Probity Advisor for the appointment of a Probity Advisor and development of a formal probity plan requirements.

Contract Negotiations can be conducted to obtain the best outcome for Council, providing negotiations remain within the intent and scope of the tender.

Council may conduct a shortlisting process. Shortlisted tenderers may be invited by the Council to submit a Best and Final Offer.

The results of the Tender Evaluation and demonstration of the robustness of the process must be documented in a Tender Evaluation Report approved by the relevant delegate.

The Tender Evaluation process will take into consideration the Whole of Life Cost.

5.7 Exceptions and Breaches

The following circumstances are exempt from the general tender, proposal, quotation and expression of interest requirements. Use of any exception must be endorsed in accordance with the approved Financial Delegations.

Exception Name	Explanation, Limitations, Responsibilities and Approvals
A contract made because of genuine emergency or hardship	Where the Council or CEO has resolved that the contract must be entered into because of an Emergency Event (e.g. to provide immediate response to a natural disaster) or where the Victorian Government has declared a State of Emergency.
A contract made with, or a purchase from a contract made by another government entity, government-owned entity or other approved third party	<p>This general exception allows engagements with another government entity or government owned entity. For example, Federal, State or Local Government or an entity owned by the Federal, State or Local Government.</p> <p>Contracts and arrangements established by another government entity, local authority or local government group purchasing scheme, Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement Australasia (PA).</p>
Exemption from Public Tendering	Contracts entered into in accordance with sections 5.7 Exemptions and Breaches or 1B Council Specific Quotation Exemptions or Specialist Suppliers; or where the CEO approves an ad-hoc exemption from the procurement process in exceptional circumstances.
Extension of contracts while Council is conducting a market tender	<p>Allows Council to extend an existing contract where the procurement process to replace the contract has commenced, and where the tender process or negotiations will take or have taken longer than expected.</p> <p>This exception may be used when the establishment of an interim short-term arrangement is considered not to be in the public interest, as it may be cost prohibitive and/or present a risk in the delivery of critical public services to the municipality.</p>
Information technology resellers and software developers	Allows Council to renew software licenses, subscriptions and maintenance and support, enhance or upgrade existing systems when there is only one supplier of the software, who holds the intellectual property rights to the software; or the existing software is considered fit for purpose and continues to provide value for money, at CEO's discretion.
Novated Contracts	Where the initial contract was entered into in compliance with the Act and due diligence has been undertaken in respect to the new party.
Operating and Finance Leases	Where a lessor leases an asset (generally a vehicle or plant and equipment) to the Council and assumes the residual value risk of the vehicle.
Professional services unsuitable for tendering	<p>Legal Services.</p> <p>Insurance.</p>
Regional Waste Management Groups	Situations where a Regional Waste Management Group constituted under section 50F of the Environment Protection Act 2017 had already conducted a public tender for and on behalf of its member Councils.

Exception Name	Explanation, Limitations, Responsibilities and Approvals
Traditional Owners	Engagement of Traditional Owners where the primary purpose of the procurement activity is to gather information relating to Aboriginal culturally sensitive issues, including land management considerations pursuant to the Aboriginal Heritage Act 2006 (Vic).
Utility Companies	When utility authorities are required to undertake work on their assets.
Variations under contract	Financial delegation applies for the value of the variation (plus cumulative value of previous variations), not the value of the whole contract. An officer with a sub-delegation from the Chief Executive Officer or Council may vary a contract to the limit in the Council resolution.
Other specific Council exceptions	Defined in Appendix 4. Specific Council exceptions will be reviewed and updated from time to time.

Spend non-compliance and breaches will be reported to Council’s Executive Team and the Audit and Risk Committee on a quarterly basis as part of the Procurement Update and the Procurement Unit is to sign off on the variations to say they meet Value for Money principles.

Emergency and post emergency procurement should meet all requirements of the Disaster Recovery Funding Arrangements. In addition the Value for Money principals will still be applicable.

Where Council expenditure is funded from State or Federal Government grant monies the requirement to comply with Division 2 Section 108 of the Act remains unless there are grant conditions which provide alternative arrangements.

Should the nature of the requirement and the characteristics of the market be such that it is considered a public tender process is not possible, an exemption as outlined in Section 108 3 (d) may be sought from Council.

If a state of emergency/disaster/pandemic Event is in place within Victoria, this exemption can be approved by the Chief Executive Officer.

6. Human Rights Charter Compatibility

This Policy has been assessed as being compatible with the Charter of Human Rights and Responsibilities 2006 (Vic).

7. Relevant Legislation, Policy and other Associated Internal Documents

The Council’s procurement activities shall be carried out to the professional standards in accordance with best practice and in compliance with the Act and applicable policies and procedures including Codes of Conduct for Councillors, Council staff and others.

Compliance will be monitored by the Council’s Procurement Team and minor issues will be appropriately addressed by Council staff in leadership positions. Where required, serious compliance issues will be reported to the Audit and Risk Committee and Council.

This policy has clear linkages to a range of codes, charters, legislation and Council documents including:

- a. *Local Government Act 2020 (Vic)*
- b. Relevant provisions of the *Competition and Consumer Act 2010 (Cth)*
- c. Local Government Best Practice Procurement Guidelines
- d. Procurement and Contract Management guidelines
- e. Purchasing and accounts payable manuals

- f. Codes of Conduct guidelines
- g. Gifts, Benefits and Hospitality Policy
- h. Risk & Opportunity Management Framework and Risk Management Policy
- i. Sustainable Environment Strategy and Towards Zero Carbon 2030: Our Climate Emergency Action Plan 2021-2025
- j. Sustainable Assets Policy 2022
- k. *Engaging Legal Services Operational Policy & Engaging Legal Services Protocol (once adopted)*
- l. *Project Management Framework*
- m. *Working with Children Act 2005 (Vic)* and Working with Children Regulations 2016
- n. *Child Safe Policy and Victorian Child Safe Standards*
- o. *Occupational Health and Safety Act 2004 (Vic)*
- p. *Gender Equality Act 2020*
- q. National Competition Policy
- r. *Trade Practices Act 1974 (Cth)*
- s. *Charter of Human Rights and Responsibilities Act 2006 (Vic)*
- t. *Public Records Act 1973 (Vic)*
- u. *Privacy and Data Protection Act 2014 (Vic)*
- v. Other relevant Australian Standards or legislation.

8. Monitoring Review and Audit

The Procurement Unit will monitor procurement activity on an ongoing basis with respect to annual procurement activity and compliance with key internal controls. Council is committed to continuous improvement and will review the Policy in accordance with the requirements of the Act to ensure that it continues to meet its wider strategic objectives.

This Policy is subject to amendment at any time if required and is to be reviewed at least once in every four (4) year Council term as required by the Act.

Minor amendments to this document may be required from time to time. Where amendments don't materially alter a document, they will be made administratively, without a requirement for formal approval.

Responsible officer: Procurement Manager

Department: Procurement Unit

Directorate: Finance

Approval date: 13 December 2021

Approved by: Stonnington City Council

Review date: December 2025

Expiry date: 13 December 2025

Version number: 1.6

9. Procurement Policy Enquiries and Contact Details

For further information on the policy, please contact Council's Procurement Unit as detailed in the table below.

Council	Email address	Phone
Stonnington City Council	procurement@stonnington.vic.gov.au	(03) 8290 1333

APPENDICES

All policy requirements contained within these Appendices Sections are only applicable to Stonnington City Council.

APPENDIX 1. COUNCIL PROCUREMENT THRESHOLDS

Council will invite tenders, quotations and expressions of interest from the supply market for goods, services, building and construction works in accordance with the thresholds listed below.

The scope of projects must not be split into smaller portions to avoid procurement thresholds.

Procurement Threshold (incl. GST)	Procurement Methodology	Exemption	Evidence to attach to Requisition when raising the PO
< \$1,000	Obtain one quotation	Verbal or screen shot	
\$1,001 - \$25,000	Request a minimum of two written quotations from suppliers who are considered able to meet the requirements.	If 2+ quotations requested but less than 2 quotations received, officers can continue with normal approval process	<ul style="list-style-type: none"> • VendorPanel RFX Summary report • Awarded Quotation
		The requirement to request 2+ quotations may be waived to the value of \$25,000 provided the purchase has the approval of a Director or Chief	<ul style="list-style-type: none"> • Exemption Form with Director/Chief's approval (N.B copy to be sent to Procurement) • VendorPanel RFX Summary report • Awarded Quotation
\$25,001 - \$100,000	Request a minimum of three written quotations from suppliers who are considered able to meet the requirements.	If 3+ quotations requested but less than 3 quotations received, officers can continue with normal approval process	<ul style="list-style-type: none"> • VendorPanel RFX Summary report • Awarded Quotation
		The requirement to request 3+ quotations may be waived to the value of \$100,000 provided the purchase has the endorsement of a Director or Chief and approval of the Chief Financial Officer	<ul style="list-style-type: none"> • Exemption Form with Director/Chief's endorsement and CFOs approval (N.B copy to be sent to Procurement) • VendorPanel RFX Summary report • Awarded Quotation
\$100,001 - \$300,000	Request a minimum of four written quotations from suppliers who are considered able to meet the requirements via a formal Request for Quotation.	If 4+ quotations requested but less than 4 quotations received, officers can continue with normal approval process	<ul style="list-style-type: none"> • VendorPanel RFX Summary report • Quotation Evaluation Report • Awarded Quotation
		The requirement to request 4+ quotations may be waived to the value of \$300,000 provided the purchase has the Chief Financial Officer's endorsement and approval of the CEO	<ul style="list-style-type: none"> • CEO approval via a CEO Notice Paper • VendorPanel RFX Summary report • Quotation Evaluation Report • Quotation
>\$300,000	A formal Request for Tender process must be undertaken by Council's Procurement Unit using Council's eTendering Portal.	Refer to sections 5.7 Exemptions and Breaches; and Appendix 1B: Council Specific Quotation Exemptions or Specialist Suppliers	<ul style="list-style-type: none"> • CEO approval via a CEO Notice Paper • VendorPanel RFX Summary report • Tender Evaluation Report

Purchase orders must be raised and provided to the Supplier before works and services are engaged. It is best practice for the Supplier to quote Council's purchase order number on their invoice for ease of payment.

Procurement process is documented in Council's Procurement and Contract Management Manual.

1A. Cumulative Spend

Staff must consider aggregate spend with a supplier over the life of the contract or engagement prior to procuring. Council will consider tendering for a panel for procurements of a similar or same nature. The scope of projects must not be split into smaller portions to avoid procurement thresholds.

This is guided by the Victorian General Auditor's Office (VAGO) and Local Government Victoria - see the Victorian Local Government Best Practice Procurement Guidelines, published in 2013.

The Procurement Unit will report on cumulative spend activity monthly.

1B. Council Specific Quotation Exemptions or Specialist Suppliers

Every effort must be made to obtain the required number of quotations. In circumstances where this requirement is not met i.e. the purchase involves the sole source of, or access to particular intellectual property, the Procurement Unit will review the total cumulative spend with that supplier to ensure this does not trigger the need to run a public tender. The request for an exemption must be endorsed by the Procurement Manager prior to CFO or CEO approval to ensure that the justification requirement for exemption has been met.

Consideration will only be given when it can be demonstrated that:

- Council is still obtaining value for money in the quotations obtained or the process adopted.
- The process is defensible and able to withstand internal and external scrutiny - one which achieves both accountability and transparency.
- The purchase is being made under an existing Council contract, or via an approved agency arrangement, e.g. Procurement Australia, MAV or State Purchasing Contract.
- The goods, services or works being purchased have been granted a Ministerial Exemption.

An exemption to the Procurement Policy quotation requirements will be considered when engaging:

- A specific training facilitator
- Buyers Advocates
- Artist including street art
- Artiste or talent for a one-off hosting or performance at one of Council's events, unique artistic output and suppliers

Council has determined the below additional general exemptions to the public tender threshold beyond those detailed in section 5.7 of the policy.

Additional General Exceptions to the Public Tender Threshold	
<ul style="list-style-type: none">• Subscriptions• Memberships• Medical• Advertising Council jobs and newspaper, magazine & radio advertisements• Training Facilitators for in-house training• Buyers Advocate	<ul style="list-style-type: none">• Postage and delivery charges• Tolls and cab charges• Loan Borrowings• Creative endeavours for specific artistes and performers• Artists

The CEO may approve an ad-hoc exemption from the procurement process in exceptional circumstances where it can be demonstrated that:

- it is in the public interest;
- Council is still obtaining Value for Money in the process adopted; and
- the process is defensible and able to withstand internal and external scrutiny - one which achieves both accountability and transparency.

The CEO may direct, in some circumstances, that these ad-hoc exemptions be approved by Council.

The public tender threshold and related exemptions also apply to collaborative procurements.

1C. Order Splitting

The scope of projects must not be split into smaller portions to avoid procurement thresholds. This includes raising multiple purchase orders for the same supplier or contractor in low value amounts, for example raising purchase orders for \$6,000 every few months for the same supplier or contractor to avoid seeking quotations, or breaking up larger projects to avoid going out to public tender.

Council must not undertake contract or invoice splitting, placing multiple orders, seeking multiple quotations with a single supplier or engaging in effect a single supplier under different guises. Given that this would be in contravention of this Policy and the purposes of the Act.

APPENDIX 2. COUNCIL CONTRACTS

2A. Council Panel Contracts

Council may award the provision of particular goods, services or works to multiple suppliers by way of a panel Contract. A panel Contract is a standing offer agreement where multiple contractors are appointed under a panel arrangement rather than an agreement with a single contractor. Individual packages of works are then directed by Council and the works order is subject to agreed terms and conditions.

Panel Contracts are formed after a public tender process has occurred. Suppliers and consultants are awarded under the panel Contract. The appointment of a supplier to a panel Contract does not infer any guarantee of engagement. Where a panel arrangement exists, it should be used for the circumstances it was designed for. There is no ability to extend a panel Contract to include additional suppliers and consultants who were not part of the tender and evaluation process.

2A-1. Quotation

Panel Contracts offer efficient work practices, reducing wherever possible, the time and resources involved in procurement activities, whilst also ensuring value for money and effective risk management. In order to obtain best value the following purchasing thresholds apply to support procurement through these existing agreements.

Tier	Value (incl. GST)	Procurement Threshold (Quotations required from the Panel)	Rationale for selecting the successful respondent to be documented
1	<\$50,000	Minimum of one quotation	For Manager approval
2	\$50,001 - \$300,000	Minimum of two quotations	For Director/Chief approval
3	>\$300,001	Minimum of three quotations	For CEO approval (via CEO Notice Paper)

Reasons for not using existing Panel Contracts may include inability of awarded contractors to meet timeframes, provide the required product, or meet quality requirements at that time. On occasions price may indicate that the panel Contract does not provide the best value outcome, however other factors would need to be assessed with price. The Manager, Director or Chief Executive Officer, dependant on delegations, and Procurement Manager are to assess the evidence and approve any procurement outside existing panel arrangements. The approval must be recorded in Council's Contract Management system.

2B. State Government Registers (e.g. Construction Supplier Register)

For building and construction works, where there are suitable building and construction industry contractors or consultants on the Construction Supplier Register maintained by the Department of Treasury and Finance for and on behalf of the State Government, Employees are required to seek a minimum of three tenderers from suppliers on the Register and in accordance with ministerial approval arrangements and applicable Procurement and Contract Management guidelines. Standard tender processes then apply as outlined in the Procurement guidelines.

Other State Government registers accessible to Local Government under Ministerial approval will be considered as made available, subject to approval of the Chief Financial Officer.

2C. Other Panels

Council can utilise MAV Procurement, State Government and Procurement Australia contracts for the procurement of goods, services or works established through a public tender process.

APPENDIX 3. EVALUATION

3A. Evaluation Panel Members

Tender and Quotation Evaluation Panels will be formed comprising of members who have the appropriate operational and technical expertise to evaluate all responses received in respect of Council's request for tender, expressions of interest, request for proposal and request for quotation. For overall objectivity this will include a member who is independent of the operational area.

Anticipated Procurement Value	Minimum No. of Panel Members	Tender and Quotation Evaluation Method
\$1,000 - \$100,000	Two persons	Use quick select evaluation method in VendorPanel
\$100,000 - \$300,000	Three persons	Use multi-party evaluation method in VendorPanel
\$300,000 - \$1,000,000	Three persons + One person from alternative Business Unit	Use multi-party evaluation method in VendorPanel
\$1,000,000 +	Three persons + One person from alternative Business Unit + Project Control Group if >\$1M + Finance Delegate and Probity Advisor if >\$3M over the life of the contract	Use multi-party evaluation method in VendorPanel

Tender and Quotation Evaluation Panels will adhere faithfully to the request for tender, request for proposal or request for quotation conditions included at issue, including strictly applying the evaluation criteria set out therein. Tender and Quotation Evaluation Panels will apply the highest Probity standards including executing confidentiality and conflict of interest declarations.

Where independent external consultants are engaged to assist on Tender or Quotation Evaluation Panels, these independent advisors must not form the majority of any Tender or Quotation Evaluation Panel.

Council's Procurement staff may form part of the Tender or Quotation Evaluation Panel or act as procurement advisors to the Tender or Quotation Evaluation Panel.

A Finance Delegate will sit on all tender evaluation panels where the value of the contract exceeds \$3 Million over the contract lifecycle.

3B. Criteria and Weightings

Tender and quotation applications will contain the evaluation criteria for each request for tender, expression of interest, request for proposal (two stage tender) or request for quotation. Evaluation criteria allow for the meaningful assessment of the responses received from contractors and suppliers to Council's requests for tenders, expressions of interest, request for proposal and request for quotations and ensure a fair comparison of responses received. The relevant evaluation criteria will be determined as part of the preparation of the request for tender, expression of interest, request for proposal or request for quotation and included in the relevant documentation. The criteria weighting will be given for each request for tender, expression of interest, request for proposal or request for quotation.

Evaluation criteria will include (but may not be limited to), where deemed applicable to the goods, services or works:

- price;
- quality and reliability;
- relevant experience;
- occupational health and safety;
- economic, social and environmental sustainability;
- performance history; and
- resourcing.

The above criteria are not to be considered as hierarchical e.g. price is not necessarily the first criterion nor does it have to be weighted accordingly. Criteria weighting should be included in the advertised request for tender, expression of interest, request for proposal or request for quotation documentation to further encourage openness and fairness. In the absence of a Project Control Group, weightings will be assigned to each of the evaluation criterion by the Tender or Quotation Evaluation Panel prior to the opening of tenders or quotations and as part of the Procurement Plan.

Council will adhere to any evaluation criteria it applies but may, at its sole discretion, accept or reject non-conforming tenders and quotations.

Where a Project Control Group has been appointed to oversee a project, this group may support the development of the project specification or scope, determine the evaluation criteria and the weightings to be assigned to each criterion. This group will usually contain a member of Council with appropriate delegation to direct the outcome of the project. Members of this group may also be appointed as members of the Tender and Quotation Evaluation Panel.

3C. Evaluation Panel's Recommendation

At the conclusion of the evaluation process, the Tender and Quotation Evaluation Panel will be responsible for preparing a report for consideration by the Chief Executive Officer, Director or Council, inclusive of a recommendation for appointment of a preferred contractor or supplier, or for quotations the Director if the procurement is within the Director's financial delegation. The report of the Tender and Quotation Evaluation Panel is to include an outline of Tender Panel Members' position titles, names and signatures. The report is to contain sufficient information to justify the scores allocated to each contractor or supplier and an explanation for the rationale for the Tender and Quotation Evaluation Panel's recommendation.

The Tender and Quotation Evaluation Panels will function autonomously throughout the evaluation process but may seek expert technical, legal and Probity advice as required. Council will appoint Probity auditors/advisors to assist the Tender and Quotation Evaluation Panel where:

- the value of the procurement exceeds \$3 Million;
- there is a complex procurement project; or
- the risk associated with the procurement process is considered very high or has the potential for risk to Council's reputation.

Following the adoption of a recommendation to appoint a preferred contractor or supplier, successful and unsuccessful contractors and suppliers are to be informed in writing of Council's decision. The notification to unsuccessful contractors (and where deemed appropriate, suppliers) is to include the name of the successful tenderer and where appropriate, the price of the contract. Where requested, unsuccessful contractors and suppliers are to receive feedback relative to their submission only with a view to improving their submission in future tenders.

APPENDIX 4. FINANCIAL AUTHORITY AND VARIATIONS

4A. Financial Delegations

Delegations define the limitations within which Council employees are permitted to operate. Delegation of procurement authority allows specified Council Employees to approve certain purchases, quotation, tender and contractual processes without direct referral to Council. This enables Council to conduct Procurement activities in an efficient and timely manner while maintaining transparency and probity. To support an understanding of the delegation process, Council has developed Financial Delegation Guidelines which should be read in conjunction with this Policy.

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

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

The maximum value to which a Council employee can approve spend or execute a contract is limited to financial delegation. Financial delegations are not automatically assigned to a staff member or position. Refer to the Instrument of Delegation (Financial) document for the entire list of financial delegations.

The maximum value to which a Council employee can approve a contract variation (cumulatively) is limited to extraordinary delegation for contract variations. Any contract variations which exceed the extraordinary delegation limits will require approval from the Chief Executive Officer via a CEO Notice Paper.

Limit of Delegated Value (inc. GST)	Delegate
\$1,000,000	Chief Executive Officer
\$300,000	Director Environment and Infrastructure
\$250,000	Chief Financial Officer
\$100,000	Directors and Chiefs
\$50,000	Managers, Executive Manager Legal & Governance, General Counsel
\$25,000	Building Projects Coordinator
\$15,000	Coordinators, Corporate Planning Performance Officer, COVID Communications Officer, IoT Smart Cities Delivery Lead, Principal Social Planner, Senior/Project Manager, Senior Arborist
\$6,000	Executive Assistants, Personal Assistant to the Mayor/Councillors, Civic Support Officer, Placemaking

4B. Delegations Reserved for Council

Commitments and processes which exceed the Chief Executive Officer's financial delegation must be approved by Council via a Council Report.

4C. Tender Price Adjustment – Post Tender Negotiations

Where it is intended to reserve the right to conduct post tender, proposal or quotation negotiations, the request for tender, request for quotation or request for proposal documentation must specify that Council reserves the right to negotiate with one or more of the preferred suppliers or contractors.

In circumstances where the Tender and Quotation Evaluation Panel intends to undertake post tender, proposal or quotation negotiations, the Tender and Quotation Evaluation Panel may select a preferred supplier or contractor or a shortlist of suppliers or contractors who most closely meet the requirements for the project and who have the capability of delivering the most advantageous outcome to Council. A shortlist of preferred suppliers or contractors must be defensible within the considerations of both weighted score and price and

stand up to a probity review. The Tender and Quotation Evaluation Panel, or delegated Tender and Quotation Evaluation Panel members, may negotiate with the preferred supplier(s) or contractor(s) to refine their response(s) including price, in order to deliver the best outcome for Council.

In undertaking these post tender, proposal or quotation negotiations, care must be taken so that the scope or intent of the contract or project is not reduced to such an extent that it creates a material difference from the advertised request for tender, request for proposal or request for quotation and in doing so, risks breaching section which would contravene section 108 of the Act. Where the proposed reduction in the scope of the work or services would lead to a price adjustment in excess of 20% of the submitted price, the specification is to be revised and the request for tender, request for proposal or request for quotation re- advertised.

4D. Additional Works Within the Scope of Contract

Council Employees will not be required to undertake a new Procurement process where Council has entered into a Contract with a supplier or contractor and for reasons that were not present or evident at the time that the Contract was entered into, variations are required to the scope of the works, services or goods to be delivered e.g. unanticipated site conditions. Council expects its Employees to consider all likely matters that may impact on the project at the time that a request for tender, request for quotation or request for proposal is issued. Notwithstanding this paragraph 6.7, Council may be required to carry out a new Procurement process where the variation is so material that it is effectively a new contract, this will need to be considered on the facts of each project and advice must be sought from the Council's In-house Legal and Procurement Units.

4E. Contract and Quotation Variations

In circumstances where a variation to the original goods, services or works is required, the financial delegation is determined by the variation value including the cumulative value of any previous variation(s).

All variations to a contract or quotation must be assessed to determine whether they are properly characterised as variations, or whether they are in effect a new contract. This will depend on factors like:

- The monetary value of the proposed variation, i.e. the value of the variation in the context of the thresholds fixed by the Procurement Policy; and
- The subject matter of the proposed variation, and whether it is consistent with the scope of the original contract.

All contract or quotation variations are approved in line with Financial Delegations (minimum Manager). Where the cumulative value of the variation exceeds \$100,000 (or \$300,000 for Director Infrastructure and Environment*), approval to amend the purchase order is to be sought from the Chief Executive Officer. A variation summary report and variation summary spreadsheet must be attached to the amended purchase order to support the approval in order to adjust the value.

It is important that these changes are captured, approved and monitored in a formal process. All variation requests must be raised and approved promptly within Council's Contract Management System.

Only one purchase order is to be raised per contract or engagement (the exception to this is Panel Contracts). Where variations to the Contract or quotation are approved, the initial purchase order will be updated to reflect the reason for the variation and the variation amount.

* subject to approval process

APPENDIX 5: EXEMPTION FROM USING VENDORPANEL FOR OBTAINING QUOTATIONS

<ul style="list-style-type: none"> Quotation thresholds and cumulative spend considerations still apply If a variation under an existing contract, then VendorPanel does not apply 		
Purchase Type		
Procurement	Example/Type	Department/Unit
Advertising	External advertising e.g. The Age, Community Radio	Council wide
Service Utilities	electricity, gas, water	Finance
Insurance Claims	all claims against Council e.g. motor vehicle, personal injury	Risk
Training & Conferences	registration at external training and conferences	Council wide
Subscriptions & Memberships	e.g. ArcBlue LEAP, LGPro, MAV, Dial Before You Dig, APRA/OneMusic, Metropolitan Transport Forum, where the propriety rights of a product or distribution applies e.g. Standards Australia, musical score	Council wide
Software Licences	additional or ongoing software user licences	Council wide
Emergency	as defined in the Procurement Policy	Council wide
Medical Costs	staff injuries	Council wide
Legal Services	except where drawing quotes from an established Legal Panel, in which case section 2A.1 applies	Council wide
Food Supplies	Melbourne Food Distributors for CoS Childcare Centres	Early Years
Recruitment Agencies	engagement of Council staff	Council wide
After Hours Animal Collections	Interstate Pet Transport	Animal Management
Food sampling analysis	BVAQ Pty Ltd	Public Health & Immunisation
Vehicle Repairs & Safety Inspections	vehicle repairs and spare parts including breakdowns, servicing and safety inspections	Fleet Management
Equipment Repairs	service, repairs and spare parts for equipment relating specifically to the Depot Workshop/Malvern Valley GolfCourse	Fleet Management
Reactive Maintenance	under contract agreement in place whereby fixes are undertaken while onsite inspecting	Environment and Infrastructure
Plants & shrubs	plants and shrubs for Council parks and owned or managed properties	Open Space & Environment
Library Merchandise	books and other Library materials for loan	Libraries
Technical Services	oncall technical specialists e.g. lighting technicians	Chapel off Chapel
Community Events	one-off community events where there is specialist talent e.g. film screenings or MC's hosting an event	Festivals & Events
Buyers Advocate	Property purchases	Property
Catalogue Purchases		
Organisation/Purchase Type	Department/Unit	
Winc (stationery supplier)	Council wide	
Bing (digital mail)	Council wide	
Dell Australia	Technology Enablement	
Coles Online for CoS Childcare Centres	Early Years	
Bellbird Kid-Z Educational Resources (educational materials e.g. chalk)	Early Years	
Pricebreakers (e.g. nappies)	Early Years	
J. Blackwood & Son Ltd (e.g. fleet services & consumables, hardware, plumbing & compressed gasses)	Fleet Management	
Robot Building Supplies (e.g. Steel for workshop)	Fleet Management	
Burson Automotive Pty Ltd (e.g. fleet services & consumables, hardware, plumbing& compressed gasses)	Fleet Management	

APPENDIX 6: EXEMPTION FROM PURCHASE ORDER

The following purchases are exempt from purchase order requirements	
1. Advertising	21. WorkCover/medical/GP invoices
2. ASIC Company searches	22. Newspaper/Journals subscriptions
3. Audit Committee service fees (Finance only)	23. On payment to Chapel off Chapel hirers of Box
4. Audit confirmation fees (Finance only)	24. Office sales received on hirers behalf, net of venue hire and related expenses
5. Bank and merchant fees (Finance only)	25. Other expenses deemed appropriate on the express approval by the CEO
6. Bee Hives	26. Petty cash purchases
7. Cab charges	27. Photocopier usage
8. City Link eTag	28. Planning Scheme Amendment costs
9. Coles / Bunnings invoices	29. Postage and couriers
10. Corporate Credit Card purchases	30. Prahran Market capital expenditure reimbursement and rental charge for Citizen's Advice Bureau
11. Emergency or urgent purchases	31. Pre-employment medicals
12. External auditor fees (VAGO) (Finance only)	32. Professional memberships
13. Fire Services Property levy	33. Property purchases
14. Insurance	34. RACV Annual Roadside Assistance
15. Land Title Registry searches	35. Retention release payments
16. Legal costs	36. Staff reimbursements
17. Library book purchases via Spydus	37. External training costs with the approval of relevant Managers (only when paying online)
18. Licence fees	38. Urgent Security Requests
19. Malvern Valley Golf Course stock purchases	39. Utility costs (electricity, gas, phone, water)
20. Myki card top ups	40. Buyers Advocate (property purchases)
The following payments may be made by a Payment Requisition form instead of a Purchase Order	
1. Cheque Requisition if Accounts Payable has short paid a supplier (e.g. invoice clearly states amount due is \$231.00 but was inadvertently entered as \$213.00)	7. Refunds (e.g. Bonds, Rates overpayment, Pin, Animal Tag, etc)
2. Community grant payments	8. Reimbursement to employees
3. Councillor Superannuation payment (not via Payroll)	9. Risk Management (e.g. vehicle damaged/ accidents)
4. HR and Payroll system generated payments (Tax, Superannuation, GMHBA, Social Club etc)	10. Statutory payments (e.g. DPCD permit fees)
5. Inspection Fee (Health)	11. WorkCover payment
6. Petty Cash top up/advance	

APPENDIX 7: INTERNAL MANAGEMENT REQUIREMENTS

7A. Internal Controls

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

- more than one Council Employee is involved in and responsible for a transaction end to end;
- new suppliers to the Procurement system are authorised by more than one Council Employee
- the Procurement system is regularly reviewed to remove old and dormant supplier or contractor details;
- transparency in the Procurement process;

- Procurements are not separated into parts from a single supplier for a single purchase in order to retain approval within a lower financial delegation or to avoid exceeding the public tender threshold requirements set out in the Act;
- the Contract is executed prior to the contract number being released in the Finance system for a purchase order to be raised;
- a copy of the signed Formal Instrument of Agreement will be saved in the contract module;
- a clearly documented audit trail exists for Procurement activities;
- appropriate financial delegations are obtained and documented;
- all variations to the Contract are documented and submitted to the Contracts and Procurement Unit;
- delegations are not exercised beyond the authority given in the Financial Delegations Register;
- systems are in place for appropriate monitoring and performance measurement, including an analysis of accumulative spend over a two year period being undertaken by the Procurement Unit once each financial year; and
- cross-checking of suppliers details against the names and addresses of Council Employees.

Council Employees engaged in processing Procurements have a responsibility to ensure that appropriate approvals have been obtained by Delegated Officers prior to progressing the Procurement through to purchase or payment. Where Council Employees have concerns that the above internal controls are not being adhered to, they are required to raise their concerns with the Chief Financial Officer for their assessment.

7B. Procurement and Contract Management Manual

A Procurement and Contract Management Manual has been developed and details the implementation of all relevant legislative requirements. Council will maintain and periodically review its Procurement and Contract Management Manual to ensure that best practice principles are updated and communicated to its Employees. The primary objective of the Procurement and Contract Management Manual is to provide guidance to Council Employees on all operational aspects of Procurement. Council Employees will have access to the Procurement and Contract Management Manual via Council's Intranet.

The Procurement and Contract Management Manual will conform to the Local Government Best Practice Procurement Guidelines and will be reviewed on an annual basis.

7C. Verification of Financial Viability of Suppliers and Contractors

In considering the financial viability of a supplier or contractor to the point that the request for tender, request for proposal, expression of interest or request for quotation is capable of being accepted by Council, Council Employees must require the delivery of one, some or all of the following statements or records in order to satisfy Council that the project can be delivered by the supplier or contractor:

- statement of financial position from most recent audit of the supplier or contractor's company accounts;
- statement of Viability from supplier or contractor's company accountant or their registered bank;
- business references from creditors regarding company status as a good debtor;
- statement of no current or pending legal action known or likely;
- verification of the lodgement of annual returns to ASIC and any actions taken or pending; and
- Corporate Scorecard check (lodged through the Procurement Unit).

Independent financial assessments must be conducted for all procurement activities that are over \$100,000. This will not apply where a financial assessment has been previously conducted during the last 12 months for a shortlisted/preferred supplier or contractor.

7D. VendorPanel

Council's quotations and tenders must be sought via Council's e-Tendering portal, VendorPanel. Only approved exceptions are exempt from using this platform (see Appendix 5.), or where a collaborative tender is being undertaken and Council is not the lead.

The Procurement Unit is responsible for managing Council's tenders.

7E. Contract Management System (Portt)

Council's Contract Register and repository for all contract documentation including any variations to contracts is Portt (excluding contractor's qualifications e.g. insurances, licences, etc., and OHS documentation where the contractor is registered under the Amalgamated Councils of Victoria in the Rapid Global system, in which case those documents will be stored in Rapid Global).

The Procurement Unit is responsible for maintaining Portt and overseeing the Rapid Global system.

7F. Internal and External Audits

Procurement activities are at all times subject to review through Council's audit processes (both internal and external). The Procurement Unit will also provide reporting to the Executive Team and Internal Audit and Risk Committee including cumulative spend and contract variations.

7G. Contract Terms

The Contract Term is to be stated in the contract documentation as signed by both parties. The Contract Term will be determined based on the nature and capital investment required in the goods, works and services to be delivered under the Contract.

Contract Terms that are intended to extend for periods (being a Contract Term greater than five years) are to be authorised by a Director. Contract Terms that are intended to extend beyond seven years are to be authorised by the Chief Executive Officer.

A Contract Term will expire on the last day of the Contract unless Council has agreed in writing with the supplier or contractor that there shall be an extension to the Contract Term or Council exercises its rights under an extension option included in the Contract. Other than extension options which have been recorded in the signed contract documentation or where the Contract is extended prior to its expiry by written agreement (in which latter case, the advice of Council's Corporate Counsel and the Procurement Unit must be sought), the Contract Term cannot be extended beyond the expiry date of the Contract. In extending any Contract, Council Employees must consider which Delegated Officer's authority is required to extend the Contract and whether extending the Contract complies with the Act.

APPENDIX 8. COUNCIL PROCUREMENT RISK MANAGEMENT OVERVIEW

Procurement decisions should include an assessment of risks and include requirements for compliance with relevant laws, including without limitation, occupational health and safety and Child Safe legislation. Appropriate risk avoidance and mitigation strategies will be employed whenever practicable and appropriate.

Aspects to be considered may include, but not be limited to:

- provision of sufficient planning and lead-time for procurement preparation and consideration;
- project specifications written and reviewed by relevant "subject matter" experts, competitive procurement process undertaken and appropriate contract terms and conditions used;
- insurance requirements (including public liability, products liability, professional indemnity and workers compensation);
- supply continuity and disaster recovery requirements;
- use of appropriate Council standard-form contracts provided by Council's Procurement Unit or Australian Standard contracts which include current, relevant clauses to mitigate risk to Council;
- contract legal departures to be reviewed and negotiated by Council's Legal Counsel (In-house or external) prior to the award of the contract. Council's Legal Counsel (In-house or external) to review any non-standard contracts or licence agreements, prior to the contract being disseminated for execution. Copies of all communication between Legal Counsel and the preferred supplier or contractor will be saved in the Council's Contract Management System as evidence of review and approval of non-standard contracts;
- ensure supplier occupational health and safety documentation is verified and assessed against Council's policies and other legislative requirements;
- requiring contract security, where appropriate and that they are lodged prior to work commencement;

- effective contract management, including monitoring, assessing and enforcing proper performance; and all Contracts must be executed and a copy provided to the Procurement Unit before allowing the commencement of procurement of any goods, services or work.

For general risk assessment and control, refer to Council's Risk & Opportunity Management Framework and Risk Management Policy.

APPENDIX 9. CONFLICT OF INTEREST

Councillors and Council Staff and shall at all times avoid situations which may give rise to an actual or perceived conflict of interest. A conflict of interest may be a 'general' or a 'material' conflict of interest.

A member of Council Staff has a general conflict of interest in a matter if an impartial, fair-minded person would consider that the person's private interests could result in that person acting in a manner that is contrary to their public duty.

A member of Council Staff has a material conflict of interest in a matter if an affected person would gain a benefit or suffer a loss depending on the outcome of the matter. The benefit or loss may be direct or indirect and pecuniary or non-pecuniary. Affected persons include, among others, the member of Council Staff and their family members.

Council Staff involved in the procurement process, in particular preparing tender documentation, writing tender specifications, opening tenders, participating in tender evaluation panels, preparing a recommendation report; and Councillors and Council Staff awarding tenders must:

- **Avoid** conflicts of interest, whether material or general or actual, potential or perceived;
- **Declare** that they do not have a conflict of interest in respect of the procurement. All Council Staff participating in tender evaluation panels must complete a Disclosable Interests and Confidentiality Declaration. Council Staff must declare any actual or perceived conflicts in line with Council's internal processes for reporting conflicts of interest; and
- **Observe** prevailing Council and Government 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.

A Probity and Confidentiality Declaration must be executed at the procurement planning stage for all tenders and formal quotations. A Disclosable Interests and Confidentiality Declaration must be completed prior to the release of the tender or quotation submissions.

APPENDIX 10. POTENTIAL SUPPLIERS AND CONTRACTORS

10A. Councils Expectations of Suppliers

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

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

If a supplier or contractor is aware of or concerned about any improper practices being undertaken by Council Employees in relation to Procurement activities, they are requested to contact Council's Protected Disclosure Coordinator. Details of the Council's Protected Disclosure Coordinator will be included in each request for tender, expression of interest, request for proposal or request for quotation.

Supplier's information provided to Council for the method of cold-canvassing will be registered with the Contracts and Procurement team. This register will be referenced for conflicts of interest against submissions received from those suppliers.

10B. Supplier Code of Conduct

Council is committed to ethical, sustainable and socially responsible procurement, and expect the same high standards from our suppliers.

Suppliers undertaking work on behalf of Council are required to comply with the requirements of Council's Supplier Code of Conduct.

10C. Occupational Health and Safety

Council requires all contractors and suppliers to comply with all legislative and regulatory requirements, particularly in relation to Occupational Health and Safety. This is a mandatory requirement and non-compliance (at Council's sole discretion) may result in disqualification of current and prospective suppliers and contractors.

10D. Access and Inclusion

Council requires all contractors and suppliers carrying out works, services or delivering goods to Council to comply with the obligations specified under Australian Standard AS 1428-2009 Design for Access and Mobility.

10E. Gifts and Hospitality

Councillors and Council staff must at all times act in accordance with relevant Acts, policies, guidelines and laws regarding gifts and hospitality.

No Councillor or member of Council staff shall seek or accept a gift, hospitality or other benefit if it is likely to be perceived by a 'reasonable person', as intended to, or likely to, influence him or her in the fair, impartial and efficient discharge of their duties, by such an action now and in the future. Councillors and Council employees should also avoid the ambiguous situation created by visiting the premises of a contractor, supplier, organisation, firm or individual uninvited and/or not on official business.

Where gifts are received or refused, Councillor or member of Council staff must declare and record the receipt or refusal on the Gift or Benefit Declaration Form in line with Council's Gifts, Benefits and Hospitality Policy, so their refusal/approach can be properly recorded.

Offers of bribes, commissions or other irregular approaches from organisations or individuals must be promptly brought to the attention of the Chief Executive Officer.

APPENDIX 11. COUNCIL PERFORMANCE INDICATORS

Council will seek to improve its procurement performance by capturing and analysing data on key performance indicators including:

- Extent of contracts awarded within the timeframe nominated in the Procurement Plan;
- Extent of contracts delivered on time and on budget;
- New Collaborative Procurement contracts;
- Reduction in number of contract variations;
- New preferred supplier (panel) contracts;
- The number of Local Businesses engaged and proportion of local spend;
- Value of savings and benefits achieved;
- Level of compliance with the Procurement Policy;
- Annual spend on sustainable goods and services; and
- The return on procurement investment.

A memorandum detailing actual performance against these indicators will be presented annually to Council's Executive Team and Internal Audit and Risk Committee.

APPENDIX 12. COUNCIL ECONOMIC, SOCIAL AND ENVIRONMENTAL SUSTAINABLE PROCUREMENT

Council commits to applying principles of sustainability to its decision-making and activities. In addition, Council applies sound contracting principles to its procurement activities. The following economic, social and environmental objectives have been determined in line with these principles.

Area	Principles	Objectives
<h1>Economic</h1>	<p>Council is committed to procurement that supports local business and economic diversity in the SERGC. Where practicable and applicable, Council will actively seek quotes and tenders from Local Businesses in the SERGC whilst ensuring Value for Money outcomes.</p> <p>Council's economic procurement will be underpinned by the following principles:</p> <ul style="list-style-type: none"> ensuring open and effective competition, and development of competitive local business and industry fostering innovation and emerging sectors. where practicable Council will give preference to goods manufactured or produced in Australia and New Zealand. <p><i>Note: Local in the context of this Policy denotes the municipalities of Bayside, Boroondara, Cardinia, Casey Dandenong, Frankston, Glen Eira, Kingston, Mornington Peninsula, Port Phillip and Stonnington.</i></p>	<p>Council's economic sustainability commitment and approach aims to:</p> <ul style="list-style-type: none"> achieve Value for Money on a whole-of-life (including disposal) basis, rather than just initial cost. consider life cycle impacts of products purchased. ensure probity and accountability in the procurement process. commit to source locally. build relationships with local businesses and encourage purchasing from local suppliers to help build their capacity. increase local employment.
<h1>Social</h1>	<p>Council is committed to building stronger communities and meeting social objectives which benefit the community and commits to integration of measures in its procurement processes and documentation which promote improved social outcomes.</p> <p>Council's social sustainability strategies will be underpinned by:</p> <ul style="list-style-type: none"> creation of training and employment opportunities for unemployed, disadvantaged municipal residents or marginalised job seekers. creation of opportunities for small, medium and social enterprises, Indigenous and Disability Employment enterprises. promotion of equity, diversity and equal opportunity. provision for broad public involvement on issues that affect the community such as addressing complex local challenges such as intergeneration employment, crime, vandalism and economic decline. 	<p>Council's social sustainability commitment and approach aims to:</p> <ul style="list-style-type: none"> ensure vendors do not exploit workers and provide fair wages, including inclusive and sustainable business practices. maintain a social procurement program to increase social procurement spend across the South Eastern Region. ensure sourced products are accessible by all segments of the community. increase employment opportunities for Indigenous people, disabled people, disadvantaged people and long term unemployed. increase gender equity. prevent, detect and remove modern slavery from Council's supply chain.

Area	Principles	Objectives
<p style="writing-mode: vertical-rl; transform: rotate(180deg); font-size: 2em; font-weight: bold; margin: 0;">Environmental</p>	<p>Council is committed to working in partnership with suppliers to take action on climate change and minimise climate-related impacts and their effects on the health and wellbeing of our community and natural environment.</p> <p>Council is keen to engage suppliers that will work with us to achieve our environmental objectives. This includes suppliers that have made environmental sustainability commitments for their own operations (e.g. environmental policies, renewable energy powered, carbon reduction initiatives, etc.) as well as ensuring the sustainability of projects (e.g. sustainable material use, recycled content, waste management, enhancing biodiversity etc.).</p> <p>Where applicable Council will include appropriate criteria in request for quotes and tenders to deliver environmentally preferable outcomes and deliver strategies to avoid and reduce waste, maximise resource recovery and reuse, increase use of recycled materials, improve energy and water efficiency, enhance biodiversity, reduce greenhouse gas emissions and ensure climate resilience.</p> <p>To support the achievement of objectives and targets within Council’s sustainability strategies, Council is committed to minimise its impact on the environment by:</p> <ul style="list-style-type: none"> • purchasing goods, services and construction which avoid air, water and soil pollution. • minimising use of raw materials and non-renewable resource. • supporting suppliers to reduce carbon emissions in the supply chain. • purchasing environmentally preferred goods and services whenever they present an acceptable Value for Money outcome. • contributing to resource recovery and reuse and sustainable waste management (with reference to the waste hierarchy and Circular Economy Principles). 	<p>Council’s environmental sustainability commitment and approach aims to:</p> <ul style="list-style-type: none"> • maximise energy efficiency • reduce greenhouse gas emissions and contribute towards Council’s zero carbon targets. • minimise waste production by: <ul style="list-style-type: none"> - reduced usage of non-renewable resources; and - reduced demand for raw materials and non-renewable resources. • promote a market for recycled materials. • maximise water efficiency • reduce activities that negatively impact biodiversity.