

Procurement Policy

Date adopted	25 September 2023
Adopted by	Council
Review due	December 2024
Responsible officer	Manager Procurement
Records reference	9185644

1. PURPOSE

The purpose of this Policy is to establish a framework for all Council procurement activity and to demonstrate public monies have been spent in line with legislative requirements, community objectives and expectations.

Council currently adopts a centre-led approach to procurement where the Procurement Team is an enabler business function that is responsible for creating, implementing and monitoring procurement governance, systems and processes; and providing templates, tools, training and guidance for Council Officers to undertake their own procurement activities.

This Policy further aims to:

- provide a procurement framework that seeks to achieve best value in price, quality and timeliness through consistent, competitive and transparent processes;
- provide guidance to achieve ethical behaviour in all procurement;
- demonstrate the application of elements of best practice in procurement;
- minimise and manage risks in procurement;
- prioritise, where practical, the procurement of environmentally, locally sourced, and socially responsible goods and services; and
- demonstrate accountability to rate payers.

2. APPLICATION AND SCOPE

This Policy is made under Section 108 of the *Local Government Act 2020* (the Act). The Act requires Council to:

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

This Policy applies to all procurement activities relating to goods, services and works by Council and is binding upon Councillors, employees and all contractors, agents and consultants engaged by Council.

3. GENERAL PROVISIONS

3.1. Best Practice Principles

Council will apply the following fundamental best practice principles to each procurement activity irrespective of the value or complexity of that procurement:

- value for money;
- open and fair competition;
- sustainable procurement – economic (buy local), environmental and social;
- accountability and transparency;
- probity and ethical conduct; and
- risk management.

3.2. Value for Money

Council will undertake efficient and effective procurement activities to ensure that value for money is obtained. The value for money principle will take into account all relevant costs, non-cost factors and benefits of each proposal throughout the procurement cycle.

Cost factors include whole-of-life costs and transactional costs associated with acquiring, using, holding, maintaining and disposal of the goods, services or works. Non-cost factors include fit for purpose, quality, service, support, environmental impacts and social benefit.

Lowest price is not the sole determinant of value for money. Value for money purchasing decisions made by Council are made on the whole-of-life cost and non-cost factors including contributing to Council's strategic directions as set out in the Council and Wellbeing Plan 2025.

The strategic directions align with the triple bottom line principles including economic, environmental and social sustainability. Council is committed to reducing any negative social and environmental impacts and preferential purchasing of products and services that have been produced to ethical standards which have minimal negative impacts on the environment and human health.

3.3. Open and Fair Competition

All prospective contractors and suppliers must be treated (and be seen to be treated) fairly and in an open and transparent manner, with the same access to information about the procurement activity to enable them to submit prices, quotations and tenders on the same basis.

Council must adequately test the market in a consistent manner without any bias, or perception of bias, so that potential suppliers and the public have confidence in the outcome.

Where applicable, the provisions of the *Competition and Consumer Act 2010* (Cth), must be complied with in the procurement activity.

3.4. Sustainable Procurement – Economic (Buy Local)

Council recognises that it is a major purchaser of goods, services and works and that its procurement activities have the potential to impact the local economy.

Council will endeavour to support businesses and industries within the municipality and maximise these opportunities by means that are consistent with this Policy so as to help generate local employment and promote social inclusion.

Council commits to having local content as a weighted criteria in all its tenders, weighted at a minimum of 10%.

3.5. Sustainable Procurement – Environmental

Council is committed to safeguarding environmental quality and wellbeing for its present and future communities.

Council recognises the potential impact procurement activities have on the environment and where possible will reduce its impact on the natural environment by attempting to:

- decrease waste
- increase recycling
- decrease greenhouse gas emissions
- decrease water consumption
- minimise the degradation and destruction of natural resources; and
- limit Council's impact on climate change.

3.6. Sustainable Procurement - Social

Council recognises that its decisions have the ability to redress social disadvantage and improve social diversity in relation to ethnicity, gender and disability. Council will consider the effect of its decisions on diversity and equal opportunity in all procurement activity decision making.

Council's procurement activities will support the generation of positive social outcomes where it can be justified on a value for money basis including, but not limited to:

- giving preference to businesses that employ local or socially disadvantaged residents or residents living with a disability in the City of Melton municipality;
- giving preference to Aboriginal and/or Torres Strait Islander Businesses; and/or
- giving preference to businesses that provide evidence of gender equality in leadership (organisational structure) or proscriptive measures to address gender imbalance (e.g. copy gender equality policy or policies).

3.7. Procurement Thresholds and Methodology

3.7.1. Procurement Thresholds

Council will undertake procurement of goods, services and works based on the following methodology thresholds:

Total Contract Value (including GST):	Procurement Methodology Standard In accordance with Procurement Procedures	Procurement Methodology Pre-Qualified Panel In accordance with panel engagement guidelines.
Up to \$2,500	Obtain one (1) written quote.	Obtain one (1) written quote.
\$2,501 to \$10,000	Obtain a minimum of one (1) written quote.	Obtain a minimum of one (1) written quote.
\$10,001 to \$149,999 (goods & services) or \$10,001 to \$199,999 (building & construction works)	Obtain a minimum of three (3) written quotes. Where possible a local business supplier should be invited to participate.	Obtain a minimum of two (2) written quotes.
\$150,000 plus (goods & services) or \$200,000 plus (building & construction works)	A public tender process is required.	Obtain a minimum of three (3) written quotes, with one (1) being a local business or a new supplier engagement where possible.

If a Council Officer is unable to achieve the required number of quotes above, the Officer must contact the Procurement Team to determine the best way forward and potential exemption document to be completed.

If the estimated total contract value of a procurement activity is expected to be close to an upper band threshold in section 3.7.1, then the Officer should consider running this procurement activity at the next threshold to ensure no accidental breach of Policy can occur.

3.7.2. Exemptions from Thresholds

In exceptional circumstances, Council may choose to exempt a particular procurement activity from the thresholds above based on the circumstances described in the table below. Where an exemption form is required to be completed Council Officers must seek authority from their Business Unit Manager and inform the Manager, Procurement Team prior to proceeding with the procurement activity:

Exemption Description	Explanation	Exempt Requisition Type
A contract made because of genuine emergency or hardship	Allows a contract to be entered into where the CEO or Municipal Emergency Management Officer, as a delegate, considers it necessary because of an emergency (e.g., to provide immediate response to a natural disaster, declared emergency, etc.)	<ul style="list-style-type: none"> Exempt Purchase Does not require exemption form to be completed Attach invoice when raising requisition under Exempt Purchases type
Extension of contracts while Council is at market to ensure continuation of supply of goods, services and works	Allows the extension of an existing contract where the procurement activity to replace the contract has commenced (or is imminent) and where the establishment of an interim short-term arrangement with an alternative supplier would lead to Council achieving lesser value for money or an adverse effect on public interest	<ul style="list-style-type: none"> Exempt Purchase Must complete and attach exemption form when raising requisition under Exempt Purchases type
Professional Services unsuitable for tendering	Allows the procuring of the following procurement activity: <ul style="list-style-type: none"> Legal services coordinated through Governance or People and Culture teams Insurance Loans Purchase of land Electoral or valuation services Payroll expenses and deductions Refunds Professional membership payments and subscriptions 	<ul style="list-style-type: none"> Exempt Purchase Does not require exemption form to be completed Attach invoice when raising requisition under Exempt Purchases type
Novated Services	Allows a contract to be novated to a new third party where the initial contract was entered into in compliance with the Act and due diligence has been undertaken in respect to the new party.	<ul style="list-style-type: none"> Exempt Purchase Does not require exemption form to be completed Attach invoice when raising requisition under Exempt Purchases type
A contract made with, or a purchase from a contract made by, another government entity, government-owned entity or other approved third party	Allows engagements: <ul style="list-style-type: none"> 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; and/or in reliance on contracts, panels and arrangements established by another government entity, local authority or local government group purchasing scheme, Municipal Association of Victoria (MAV), Procurement Australia (PA) or State Purchase 	<ul style="list-style-type: none"> Exempt Purchase Must be in accordance with panel engagement guidelines Attach evidence of the sourcing activity i.e. number of quotes (as per panel guidelines 7.1) when raising requisition under Exempt Purchase type

Exemption Description	Explanation	Exempt Requisition Type
	Contracts (SPC), E-Services Register or Construction Supply Register (CSR).	
Information technology licensing, maintenance, and support renewals	<p>Allows the renewal of software licenses and maintenance and support or an upgrade to existing systems who holds the intellectual property rights to the software over a defined contract period.</p> <p>Software application licenses should be reviewed at least every 5 years for sustained value and continued fit for purpose.</p>	<ul style="list-style-type: none"> • Exempt Purchase • Does not require exemption form to be completed • Attach invoice when raising requisition under Exempt Purchases type
Operating 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.	<ul style="list-style-type: none"> • Exempt Purchase • Does not require exemption form to be completed • Attach invoice when raising requisition under Exempt Purchases type
Monopoly market or sole supplier	<p>Allows engagements for monopoly markets:</p> <ul style="list-style-type: none"> • statutory compulsory insurance schemes (Workcover and motor vehicle insurance) • supply of utilities or other services by statutory bodies (electricity, gas, water, essential services, relocation services without competition (non-contestable works) <p>Sole source suppliers:</p> <ul style="list-style-type: none"> • insufficient known suppliers to meet quotes • where the marketplace is restricted by license conditions or third-party ownership of an asset (excluding public utility plant) • Council is party to a joint arrangement where Council jointly owns the Intellectual Property with a third-party provider • library services and book purchases • specific intellectual property (Facebook, Google and the like) • advertising (newspapers, magazines, TV and radio) 	<ul style="list-style-type: none"> • Exempt Purchase • Does not require exemption form to be completed • Attach invoice when raising requisition under Exempt Purchases type
Adverse effect on value for money or public interest	Where Council or the CEO considers the nature of the procurement activity or the characteristics of the market are such that a public tender process would lead to Council achieving lesser value for money or an adverse effect on public interest	<ul style="list-style-type: none"> • Exempt Purchase • Does not require exemption form to be completed • Attach invoice when raising requisition under Exempt Purchases type
Other specific Council exemptions	<ul style="list-style-type: none"> • Engagement of Traditional Owners where the primary purpose is to gather information relating to Aboriginal culturally sensitive issues, including land management considerations pursuant to the Aboriginal Heritage Act 2006 • Regional Waste and Recovery Group • Additional delivery of goods, services and works that are intended either as replacement parts, extensions 	<ul style="list-style-type: none"> • Exempt Purchase • Does not require exemption form to be completed • Attach invoice when raising requisition under Exempt Purchases type

Exemption Description	Explanation	Exempt Requisition Type
	or continuing services for existing equipment <ul style="list-style-type: none"> • Insurance claim due to damages or thefts requiring immediate action • Repair works by a contractor under defects liability period who must carry out the works 	

3.7.3. Financial Delegations

Delegations define the limitations within which Council Officers are permitted to commit Council to the procurement of goods, services or works. Delegations also identify specified Council Officers that may undertake certain purchases, quotation, tender and contractual processes without prior referral to the Council. This enables Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

Council is responsible for setting the financial delegations of the Chief Executive Officer (CEO).

The CEO then sets the financial delegations for staff.

Council staff must only approve expenditure relating to contracts, quotations or purchasing cards in accordance with their financial delegations.

3.7.4. Requirements for Proposals and Quotations

Section 108 of the Act details that each Council will set the public tender threshold above which tenders or expressions of interest for contracts must be publicly invited. A public tender process must be used for all procurements valued at \$150,000 and above for goods and services or \$200,000 for building and construction works with the exception where procurement activities are undertaken through a pre-qualified panel as per section 3.7.1.

For all procurement activity below the public tender threshold, Council requires a written quotation to be obtained using the standard procurement methodology or the pre-qualified panel methodology.

A written quotation is a formal statement or proposal by a supplier setting out the offered price for the goods, services or works. A quotation should contain the supplier's business details, goods, services or works proposed, total and breakdown of price, and if applicable, the terms and conditions and quotation expiry date.

3.7.5. Requirements for Pre-Qualified Panels

A panel arrangement can be a panel established by Council or an existing collaborative agreement such as State Government bodies (defined in section 4).

Where possible, Council is encouraged to tender for a panel supplier arrangement. This means more than one supplier can be awarded the successful contract. When considering establishing a new panel, please reach out to the Procurement Team for guidance.

Council should approach more than one supplier on a panel for a quote. Even though value for money has been demonstrated for the supplier to be on a panel, Council still needs to demonstrate value for money when engaging from a panel, and competition is one of the easier ways to demonstrate this.

Once a panel has been established the value of the engagement must follow the current procurement thresholds methodology as per section 3.7.1.

All panels have specific panel engagement guidelines that need to be followed which the Procurement Team can provide information on the process. Selecting who to approach on the panel, and how many suppliers, Council Officers should consider:

- a. competition
- b. size and scope of the procurement
- c. supplier performance; and
- d. providing an opportunity to new suppliers
- e. where possible a **local business** supplier should be invited to participate.

3.7.6. Collaborative Procurement

In accordance with Section 108(c) of the Act, Council will first give consideration to Collaborative Procurement Arrangements.

Council Officers must consider any opportunities for Collaborative Procurement Arrangements in relation to a Procurement activity undertaken by Council.

Any Council report that recommends entering into a procurement arrangement must set out information relating to opportunities for Collaborative Procurement Arrangements, only if available, including:

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

Procurement activities where the specifications of the goods, services or works required are unique to a specific Council site and are not applicable to other Councils will not be considered for collaboration. Any Federal or State Government grant funded projects may be excluded from collaborative procurement activities.

3.7.7. Public Tender Requirements

3.7.7.1. Expressions of Interest

Prior to a public tender, Council may seek Expressions of Interest or engage a State Government Body / panel when:

- the requirement is complex, difficult to define or unknown;

- the requirement is capable of several technical solutions;
- it reasonably believes that a high number of tenders will be received;
- the costs to tender will make the process of tendering uncommercial for tenderers;
- uncertainty exists as to whether the vendor will offer the required Procurement; or
- Council requires external input before addressing the particular issue.

3.7.7.2. Tender Evaluation

A tender evaluation panel will be established to evaluate each tender submission against the tender's evaluation criteria.

An internal or external probity advisor may be assigned to any tender evaluation panel and may be assigned to oversee the evaluation process, if deemed necessary based on criteria in section 3.7.9.

Tender evaluation panels:

- will be made up of representatives that reflect Council and the community, including representatives of different genders, cultural backgrounds, abilities and age;
- can include external personnel in order to ensure the best outcome for a procurement activity;
- must comprise of at least 3 persons; and
- must have an appointed chairperson, expert and independent (an officer who does not have an interest in the outcome of the project and cannot be part of the Project Working Group or Project Steering Group but can be within the same business unit).

A Tender Evaluation Plan shall be developed, approved and strictly adhered to by that panel. Amongst other things, this involves the establishment of more detailed evaluation criteria and the application of a pre-approved and robust weighted scoring system. The Tender Evaluation Plan should be completed and signed off by both the Procurement Team and the Evaluation Panel members prior to the tender or quotation being issued.

3.7.7.3. Evaluation Criteria

The Council should consider evaluation criteria categories to determine whether a proposed contract provides value for money and can be assessed consistently, including:

- mandatory compliance criteria, including ABN registration, OH&S, quality systems, environmental management, compliance to specification and contract;
- methodology;
- capacity of a tenderer to provide the goods and/or services and/or works;
- capability of a tenderer to provide the goods and/or services and/or works;
- past experience and personnel;
- demonstration of local content (minimum 10% - mandatory); and
- tendered price; (set price ratio of (lowest price / tendered price)*5).

3.7.7.4. Shortlisting and Negotiations

Council may conduct a shortlisting process during Expression of Interest, tender and quotation processes. Shortlisting will occur only in pursuit of value for money by Council. Shortlisted tenderers may be invited by Council to submit a best and final offer in relation to all or certain aspects of their respective tenders or quotations. This would not include the Expression of Interest process as no financial offers are submitted.

Once a preferred tenderer(s) is/are selected, negotiations can be conducted in order to obtain the optimal solution and commercial arrangements, providing the scope remains within the intent of the tender. Probity requirements apply to all negotiations.

Following the outcome of the shortlisting, the preferred tenderer is subject to a Detailed Financial Assessment via Council's approved credit reporting agency based on the level of risk. Generally, the detailed financial assessment is satisfactory unless the project is high risk and high value. Depending on the financial risk assessment, it may be necessary to manage these risks through financial instruments like bank guarantees, retentions, issuing work packages etc. to ensure the procurement activity outcomes can be realised.

3.7.8. Contract Variations

A contract variation is a change to a contract which includes, but not limited to, a change to the service level or type, product, delivery, timeframe or price. The conditions of contract will generally prescribe the circumstances in which a variation might arise. The method of calculating the value of a variation should also be contained within the conditions of contract.

A Budget Variation is a variation of the project budget allocation.

If a Budget Variation is required before a Contract is entered into or whilst the Contract is ongoing the Budget Variation must be approved before the Contract is entered into or a Contract Variation is approved.

All contract variations will be assessed to determine whether they are properly characterised as variations, or whether they are in effect a new contract. For the purposes of this policy, a contract variation will not constitute a new contract unless it has been assessed as being a new contract based 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 this policy;
- the subject matter of the proposed variation, and whether it is consistent with the subject matter scope of the initial contract or some different and additional service or product scope.

The total of the original contract and all variations must be considered when determining if the change is within financial delegation limits.

To accept a contract variation, approval must be obtained from the relevant Delegated Officer based on whether the variation is:

- within the approved contract contingency;
- not within approved contract contingency but within the approved project budget; or
- the monetary value of a material variation

3.7.9. Probity Auditor and Advisor

In certain circumstances a probity auditor or advisor may be considered as part of the procurement activity.

A formal probity plan should be developed, and internal or external probity auditor or advisor appointed in the following circumstances:

- the integrity of the procurement activity may be called into question;
- where a project is technically complex or departs from standard contractual and legal obligations;
- where the activity is politically sensitive and/or potentially controversial, which may include protecting the reputation of Council;
- to avoid a perception of bias or favouritism;
- where there is substantial government funding involved; or
- where the proposed total contract value exceeds \$10 million (or any lesser value set by Council).

A probity risk matrix template has been developed to help evaluate the risks and determine if a probity advisor should be appointed and is available on the procurement intranet page.

3.8. PROBITY REQUIREMENTS

In all procurement activities, the highest standards of probity, honesty and transparency must be observed. Council's procurement activities shall be performed with integrity and in a manner able to withstand the closest possible scrutiny.

3.8.1. Organisational procurement structure

Council operates a centre-led procurement structure wherein all strategy, policy, processes, technology, best practice, document control, processes and networking in procurement matters will be the responsibility of the Procurement Team.

Council shall:

- establish a procurement management structure and appropriate delegations ensuring accountability, transparency and auditability of all procurement decisions made over the lifecycle of all goods, services and works purchased by Council;
- ensure that Council's procurement structure is flexible enough to purchase in a timely manner, the diverse range of material, goods, works and services required by Council;
- ensure that prospective contractors and suppliers are afforded an equal opportunity to tender/quote;
- encourage competition between tenderers; and
- ensures all policies that relate to purchasing practices are communicated and implemented.

3.8.2. Internal Controls

The CEO will install and maintain a framework of internal controls over procurement activities that will ensure:

- more than one person is involved in and responsible for the authorisation of a transaction from end to end;
- transparency in the procurement activity;
- a clearly documented audit trail exists for procurement activities;
- appropriate authorisations are obtained and documented;
- systems are in place for appropriate monitoring and performance measurement;
- a process is in place for escalation, where appropriate, of procurement matters (including procedural non-compliance) to the Senior Integrity Officer, the Executive Leadership Team, the Audit and Risk Committee and/or Council.

- procurement will report quarterly compliance updates to the Executive Leadership Team.

Annual reviews and/or audits will be conducted to test the operation of procurement internal controls.

3.8.3. Conduct of Councillors and Council Staff

Councillors and Council staff must at all times conduct themselves in a manner that is, and is seen to be ethical, of the highest integrity and will:

- treat potential and existing suppliers with equality and fairness;
- not seek or receive personal gain;
- maintain the confidentiality of commercial-in-confidence information such as contract prices and other sensitive information;
- present the highest standards of professionalism and probity;
- provide all suppliers and tenderers with the same information and equal opportunity;
- be able to account for all decisions and provide feedback on them; and
- not perform any works under the contract they are supervising.

Councillors and Council staff belonging to professional organisations must, 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.

3.8.4. Accountability and Transparency

Accountability in procurement means being able to explain and provide documented 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 and relevant Council policies and procedures.

Additionally, all Council staff must be accountable for all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council and record and document all performance and other relevant matters to ensure a transparent audit trail for monitoring and reporting purposes. Records must be saved in Council's Electronic Records Management System as appropriate.

3.8.5. Conflict of Interest, Gifts & Hospitality

Councillors and Council staff must comply with the Act and Council's policies in relation to Conflict of Interest. Councillors and Council staff must at all times avoid situations in which private interests conflict, might be perceived to conflict, or have the potential to conflict, with their Council duties.

Councillors and Council staff must not participate in any action or matter associated with the arrangement of a contract (i.e., evaluation, negotiation, recommendation, or approval), where that person has a conflict of interest, whether direct, indirect or perceived, in the matter.

The onus is on the Councillor or the member of Council staff involved being alert to, and promptly declaring a conflict of interest.

Councillors and Council staff are to comply with the Act and Council's policies in relation to dealing with offers of 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 minute the evidence available), must be promptly brought to the attention of the Senior Integrity Officer or CEO.

3.8.6. Disclosure of Information

Commercial-in-confidence information received by the Council must not be disclosed, unless compelled to do so by law, and is to be stored in a secure location.

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

- information disclosed by organisations in tenders, quotation or during tender negotiations;
- all information that is commercial-in-confidence 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 authorised pre-contract negotiations.

Following the awarding of the Contract the successful tenderers name and tender price will be disclosed to the unsuccessful tenderers and can be used in media releases about the project.

3.8.7. Performance Measurement and Continuous Improvement

Council will ensure that appropriate performance measures are established, and reporting systems are used to monitor performance and compliance with this Policy to support continuous improvement.

3.8.8. References

Councillors and Council staff are able to provide a reference for a contractor who has worked with Council for tender applications at other organisations. Councillors and Council staff cannot provide a reference for a tenderer applying for contracts at Council.

3.8.9. Endorsement of Products or Services

Councillors and Council staff must not endorse any external products or services. Individual requests received for endorsement must be referred to the Executive Leadership Team.

3.8.10. Other Council Policies

Further to complying with this Policy, Council and Council Officers must not engage in any activity during a procurement activity that would breach any law or any other Council Policy. To the extent that the law and this Policy are inconsistent, the law will prevail. Any such breaches may result in disciplinary action and where relevant, referred to the appropriate external agency such as IBAC or Victoria Police.

3.9. RISK MANAGEMENT

3.9.1. General

Risk management is to be appropriately applied at all stages of procurement activities. Risk management will be properly documented 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.

Council will manage all aspects of its procurement processes in such a way that all risks, including Occupational Health and Safety, are identified, analysed, evaluated, treated, monitored and communicated to the standard required by the law, in accordance with legislative, standards and Council Policies.

3.9.2. Supply by Contract

The provision of goods, services and works by contract potentially exposes the Council to risk.

The Council will minimise its risk exposure by measures such as:

- standardising contracts to include current, relevant clauses;
- requiring security deposits where appropriate;
- referring specifications to relevant experts for advice;
- 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.

3.9.3. 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 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.

3.9.4. Fraud and Complaints

Council takes allegations of fraudulent activity and complaints about procurement activities seriously and is committed to handling such disclosures sensitively and confidentially. Members of the public, suppliers, Councillors and Council employees are encouraged to report fraud allegations or complaints about procurement processes and/or staff taking part in procurement activity to Council's CEO or Council's Public Interest Disclosures Coordinator in accordance with Council's Public Interest Disclosure Procedures.

3.10. RESPONSIBILITY AND ACCOUNTABILITY

3.10.1. Executive and Managers

It is the responsibility of all managers and the executives of Council to ensure this Policy is strictly adhered to.

3.10.2. All Staff

It is the responsibility of all employees of Council to ensure that they comply with this Policy.

3.10.3. Policy Review process

In accordance with the Act, Council will review its Procurement Policy at least once during each 4-year term of the Council.

3.10.4. Procurement Breaches

Where the Procurement Policy has been breached, appropriate corrective action will be taken immediately in accordance with the Employee Code of Conduct and the Fraud and Corruption Control Plan.

Council regards all allegations of improper conduct and complaints about the procurement activity as serious and is committed to handling such disclosures in a sensitive and confidential manner. Members of the public, suppliers, Councillors and Council Staff are encouraged to report allegations of improper or corrupt conduct by a public officer involved in any Council procurement activity to the Senior Integrity Officer. The Senior Integrity Officer will be responsible for reporting such matters to the Manager Procurement and/or Executive as necessary and allowed by law. Procurement will identify, monitor and report on procurement and fraud risks in the Procurement risk register.

4. DEFINITIONS

Term	Definition
The Act	means the Local Government Act 2020
Business Unit Manager	is a senior member of staff who directly reports to an Executive Member or Chief Executive Officer
Collaborative Procurement	is the arrangements established by the Council, government or a nominated agent, such as Procurement Australia, Municipal Association of Victoria (MAV), State government bodies (such as Construction Supply Register (CSR), E-Services Register or State Purchasing Contracts (SPC), which aims to achieve better value by leveraging the combined purchasing power and economies of scale provided by multiple participants.
Council	means the entire Melton City Council including Councillors, employees, all contractors, agents and consultants engaged by Council.
Council Officer and/or Officer	has the same meaning as 'member of Council staff' section 3(1) of the <i>Local Government Act 2020</i> . Officer does not include independent contractors or volunteers.
Contractor	means a person engaged to undertake a function by Melton City Council and does not include external vendors or suppliers.
Councillors	means Council's elected representatives (the Mayor or Councillors) or an Administrator(s) appointed to act in this capacity.
Local Content	means suppliers based within the City of Melton municipality. Local Content can be expanded to include neighboring municipalities, Metropolitan Victoria, Regional Victoria or all of Australia where applicable.
IBAC	means the Independent Broad-based Anti-corruption Commission.

Term	Definition
Procurement	means the whole process of acquisition of external goods, services and works. The process spans the whole life cycle of an asset (including disposal) or the end of a service contract.
Procurement Procedures	are Council's Procedures that support this Policy contained or referred to in the Procurement Procedures.
Social Procurement	means a strategic approach to meeting social and economic objectives throughout a procurement activity using processes and purchasing power to generate positive social and economic outcomes in addition to the delivery of efficient goods, services and works.
Total Contract Value	means the sum of once-off or ongoing cumulative spend over the life of the contract, including: <ul style="list-style-type: none"> • costs applicable to any options for either party to extend the contract; • applicable goods and services (GST); • anticipated contingency allowances or variations; and • all other known, anticipatory and reasonably foreseeable costs.
Value for money	is the achievement of a desired procurement outcome at the best possible price - not necessarily the lowest price - based on a balanced judgement of financial and non financial factors relevant to the procurement.

5. RELATED 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. This Policy has clear linkages to a range of legislation and Council documents including:

Name	Location
<i>Local Government Act 2020 (Vic)</i>	http://www.legislation.vic.gov.au
<i>Competition & Consumer Act 2010 (Cth)</i>	http://www.comlaw.gov.au
<i>Privacy and Data Protection Act 2014 (Vic)</i>	http://www.legislation.vic.gov.au
<i>Working with Children Act 2005 (Vic)</i>	http://www.legislation.vic.gov.au

Name	Location
<i>Gender Equality Act 2020 (Vic)</i>	http://www.legislation.vic.gov.au
Social Procurement: A Guide for Victorian Local Government	http://www.dpcd.vic.gov.au
<i>Code of Conduct (Employee)</i>	Policies and Procedures Forms
<i>Council Officer Conflicts of Interest Procedure</i>	Policies and Procedures Forms
<i>Credit Card Policy</i>	Policies and Procedures Forms
<i>Disciplinary Policy</i>	Policies and Procedures Forms
<i>Fraud and Corruption Control Policy</i>	Policies and Procedures Forms
<i>Gifts (including Benefits and Hospitality) Procedure</i>	Policies and Procedures Forms
<i>Procurement Procedure Manual</i>	Policies and Procedures Forms
<i>Public Interest Disclosure Procedure</i>	Policies and Procedures Forms

APPENDIX 1 – FINANCIAL DELEGATIONS & VARIATIONS

The financial delegations in relation to awarding contracts, approve invoices and payments and approving variations will be included in the next update of the s7 Delegation – CEO to Council Staff for Executive and below.

Once these Delegations have been updated, this Appendix will be removed from this Policy.

To the extent that this Policy and the Delegations are inconsistent, the Delegations will prevail.

1. DELEGATIONS TO AWARD CONTRACT

The Delegations define the limitations within which Council Officers are permitted to commit Council to the procurement of goods, services or works.

Position	Awarding of Contracts (including GST)	Conditions and Limitations
Council	Above \$500,000	Council decision to award contract and delegate to Chief Executive Officer to execute contract documents.
Chief Executive Officer	Up to \$500,000	Based on S5. Instrument of Delegation to the Chief Executive Officer
Executive	Up to \$250,000	
Manager	Up to \$50,000	
Coordinator	Up to \$10,000	
Team Leader / Officer	Up to \$5,000	

2. DELEGATIONS TO APPROVE INVOICES, PAYMENTS AND VARIATIONS

Once a contract has been awarded from a procurement activity, Council Officers are permitted to approve invoices, payments and variations towards such contracts.

Position	Approved Contract Invoices and Payments (include GST)	Approve Contract Variations (include GST)
Council		Above \$500,000 or Service level changes (unless it is under legislation or Council is required to make payment i.e., non-contestable works, agreed material cost pass-throughs)
Chief Executive Officer	In line with Council decision to execute a contract based on Council decision.	Up to \$500,000 (unless it is under legislation or Council is required to make payment i.e., non-contestable works, agreed material cost pass-throughs)
Executive	Up to \$750,000	Up to \$250,000
Manager Capital Delivery	Up to \$500,000	Up to \$50,000
Head Major Project Delivery	Up to \$500,000	Up to \$50,000
Manager Operations	Up to \$500,000	Up to \$50,000
Head of Technology	Up to \$500,000	Up to \$50,000
Capital Projects Coordinator	Up to \$100,000	
Manager (all other Managers)	Up to \$50,000	
Coordinator (all other Coordinators)	Up to \$10,000	
Team Leader / Officer (only if requested)	Up to \$5,000	

3. CONTRACT VARIATIONS

A contract variation is a change to a contract which includes, but not limited to, a change to the service level or type, product, delivery, timeframe or price. Contract variations must be made in accordance with Council's delegations.

Type of Variation	Approve Contract Variations (include GST)	Conditions and Limitations
Non-Material Change:		
Within contract contingency	Cumulative variation total approved up to Contract Manager's or Superintendent's delegations of authority then Executive or CEO	<ol style="list-style-type: none"> 1. In accordance with the table above Approve Contract Variations (include GST) 2. Up to approved Contingency Sum 3. Variation approval form completed
Not within contract contingency but within project budget	Cumulative variation total approved up to Contract Manager's or Superintendent's delegations of authority then Executive or CEO	<ol style="list-style-type: none"> 1. In accordance with the table above Approve Contract Variations (include GST) 2. Up to approved Project Funding Approval 3. Variation approval form completed
Material Change:		
Project Steering Group or Executive Leadership Team (Opex) endorse variation less than \$500k Or Non contestable works (any value) Agreed material cost pass-throughs (any value)	Cumulative variation total approved up to Contract Manager's or Superintendent's delegations of authority then Executive or CEO	<ol style="list-style-type: none"> 1. In accordance with the table above Approve Contract Variations (include GST) 2. Report to Council through the Capital Works Report 3. Variation approval form completed
Project Steering Group or Executive Leadership Team (Opex) endorse variation greater than \$500k Or Service level changes	Council decision to approve contract variation, contingency and project funding.	<ol style="list-style-type: none"> 1. In accordance with the table above Approve Contract Variations (include GST) 2. Report to Council through the Capital Works Report