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RELATED STRATEGIC DOCUMENTS, POLICIES OR PROCEDURES:	Procurement Procedure Standard documentation for tendering and contract management Procurement Workflows Staff and Contractor's Code of Conduct Conflict of Interest – A Guide for Councillors Conflict of Interest – A Guide for Council Staff Anti-Fraud & Corruption Policy
RELATED LEGISLATION:	S186A of the Local Government Act 1989
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Signed by Chief Executive Officer

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**Policy documents are amended from time to time, therefore you should not rely on a printed copy being the current version. Please consult the Loddon Shire website to ensure that the version you are using is up to date.**

## 1 PURPOSE

The purpose of this policy is to provide guidance on the procurement function of the Loddon Shire Council to help achieve objectives detailed in the Council Plan.

## 2 SCOPE

This policy applies to all procurement and contracting activities of the Loddon Shire Council, and is binding upon Councillors and staff, and contractors and consultants while engaged by the Loddon Shire Council.

The policy has been prepared under Section 186A of the Local Government Act 1989 (Act), which requires Council to prepare, approve, and comply with a Procurement Policy. For the purpose of the Act, the Procurement Policy includes principles, processes and procedures that will apply to all purchases of goods, services, and works by Council.

## 3 POLICY

When purchasing goods, services, and works Loddon Shire Council will:

1. Be consistent in procurement activities
2. Comply with legal obligations
3. Ensure ethical and fair behaviour
4. Obtain value for money
5. Support local sustainability
6. Support environmental sustainability
7. Manage procurement risks
8. Incorporate continuous improvement processes.

### 3.1 Be consistent in procurement practices

Council will provide internal control mechanisms that ensure consistency in procurement activities.

Internal control resources available include:

- a Level of Authority document that provides authorisation levels for officers to undertake a range of procurement functions
- a standard document for tendering and contract management
- Procurement Workflows that guide officers through the entire procurement process, and set requirements for obtaining quotations and tendering for goods, services, and works.

### 3.2 Comply with legal obligations

Council will comply with all legal obligations. Specific obligations in the Act include:

#### Section 186: Restriction on power to enter into contracts

Council will comply with Section 186 of the Act which outlines the requirements for competitive tendering when purchasing goods, services, or works over the legislated value. An Order in Council sets the thresholds periodically; the thresholds as set on 5 August 2008<sup>1</sup> are:

- \$150,000 for contracts for goods or services; and
- \$200,000 for contracts for the carrying out of works

## Section 208A: Best Value Principles to be followed

Council will comply with Section 208A of the Act which outlines Best Value Principles. They are:

- (a) Quality and standards of services
- (b) Services to be responsive to the needs of the community
- (c) Services to be accessible to members of the community
- (d) Continuous improvement in the provision of services
- (e) Regular consultation with the community in relation to services
- (f) Regular reporting on achievements relating to the principles.

### **3.3 Ensure ethical and fair behaviour**

Council will undertake procurement activities ethically and transparently, and in a manner able to withstand the closest possible scrutiny.

Resources and mechanisms available to support ethical behaviour and avoid conflicts of interest include:

- Staff and Contractor's Code of Conduct
- Conflict of Interest – A Guide for Councillors
- Conflict of Interest – A Guide for Council Staff
- Anti-Fraud & Corruption Policy
- Council's internal audit function, which will be used periodically to assess accountability and transparency, check Council's internal controls and compliance with Council's policies and procedures, and make recommendations for improvement.

### **3.4 Obtain value for money**

Council will undertake procurement activities on the basis of obtaining value for money.

Value for money includes minimising the cost of ownership over the life of goods, services, or works, while considering quality, reliability, availability, and delivery considerations.

Council accepts that lowest price does not also constitute the best value for money.

Mechanism to support value for money include:

- Ministerial approval for councils to access to Whole of Victorian Government Contracts and State Purchase Contracts<sup>2</sup>
- availability of joint tendering through purchasing groups such as MAV Procurement and Procurement Australia and other councils in the region
- availability of shared services with councils and other providers in the region
- Procurement Workflows that guide officers through the entire procurement process, and set requirements for obtaining quotations and tendering for goods, services, and works

### **3.5 Support local sustainability**

Council is committed to supporting local sustainability. Council understands that purchasing goods and services from within Loddon Shire generates an economic benefit to our communities. Council is of the opinion that Loddon Shire ratepayers would support purchasing goods and services from within Loddon Shire even though there is a price differential whereby the local product is slightly more expensive. Council supports that position.

This differential must be considered in the context of all the other considerations of this policy.

This application of local content will consider Best Value Principles of the Act and National Competition Policy Principles.

### 3.6 Support environmental sustainability

Council is committed to adopting an environmentally friendly procurement approach of supporting the principles of sustainable procurement within the context of purchasing on a value for money basis.

### 3.7 Manage procurement risk

Council will manage the many risks associated with the procurement of goods, services, and works.

Mechanisms available include:

- Council's Supplier Management Database which assesses risks associated with supplier groups and outlines the requirements for those groups
- Council's standard tendering documentation which requires information about tenderers' occupational health and safety, insurance and indemnity, plant and equipment, subcontracting and assignment intentions, and termination clauses.

### 3.8 Incorporate continuous improvement processes

Council is committed to continually improving procurement activities.

Mechanisms available include:

- Council representation on regional procurement networks
- access to the Local Government Procurement e-hub for resources and advice
- Council's Supplier Management Database:
  - Which provides spend analyses on individual suppliers and supplier groups that can be used to identify tendering opportunities
  - Which holds all suppliers on Council's financial management system; analysis of this information can be used to limit the number of suppliers and reduce administration costs.

## 4 DEFINITIONS OF TERMS OR ABBREVIATIONS USED

Term	Definition
Act	Local Government Act 1989
Council Plan	Council Plan 2010-2014
Value for money	Value for money refers to selecting goods, services, and works taking into account all factors, including: <ul style="list-style-type: none"> <li>• Cost factors: whole of life costing (cost of acquiring, using, holding, maintaining, and disposing of the goods, services, and works)</li> <li>• Quality, fitness for purpose, service, and support</li> <li>• Contribution to achieving Council's objectives</li> </ul>

## 5 HUMAN RIGHTS STATEMENT

It is considered that this policy does not impact negatively on any rights identified in the Charter of Human Rights Act (Vic). Loddon Shire Council is committed to consultation and cooperation

between management and employees. The Council will formally involve elected employee Health and Safety Representatives in any workplace change that may affect the health and safety of any of its employees.

## 6 REVIEW

The Director Corporate Services will review the policy for any necessary amendments no later than 1 year after adoption of this current version.

## 7 ATTACHMENTS

Nil

## 8 REFERENCES

<sup>1</sup> Local Government Procurement Best Practice Guideline, Department of Planning and Community Development, August 2008

<sup>2</sup> Letter to councils from Local Government Victoria, 8 September 2009