

# Procurement Policy

Date adopted: 22 November 2021

Responsible Service Area: Finance & Governance

## Purpose

To provide a framework that ensures:

1. Maroondah City Council’s procurement principles, procedures and processes support the achievement of Council’s strategic objectives as stated in the Council Plan;
2. Key principles are defined and understood by Council employees and suppliers; and
3. Council employees undertake the procurement of works, goods and services, and subsequent contract management, for the efficient and effective functioning of their service area in line with this Policy.

## Background

This Policy forms part of Council’s overall procurement policies and guidelines and should be read in conjunction with the following:

- Procurement Procedures Manual
- Procurement Guidelines
- Contract Management Guidelines
- Fraud and Corruption Control Policy & Plan FIN004
- Employee Code of Conduct HR06-06
- OHS Management of Contractors OHS 2.12
- OHS and the Purchasing of Goods and Services OHS 2.14
- Financial Delegations

Procurement provides a central resource for procurement guidance and training and coordinates Council’s tender processes. Procurement also maintains Council’s electronic purchasing module (Computron) and contract management system (Contracts 8) to ensure consistency and adherence to legislation. A significant component of the operational procurement function is devolved to individual Council service areas.

## Policy Control Schedule

<b>Policy Title:</b> Procurement Policy		<b>Policy No:</b> PUR001	<b>Policy type:</b> Operational
<b>Current version approved:</b> 22 November 2021		<b>Current version number:</b> 1.0	<b>Policy review date:</b> July 2025
<b>Parent policy:</b>	<b>Child policy/policies:</b>	<b>Policy responsibility:</b> Coordinator Governance & Procurement	

## Scope

In accordance with the [Local Government Act 2020](#), this policy applies to the procurement of all Council goods, services and works unless specifically exempted by this Policy.

## Objectives

In conducting procurement and contract management activities Maroondah City Council will aim to implement the following objectives.

**Table 1 - Procurement Objectives:**

Objective	Detail
Consider Value for Money, Local Economic Development and Sustainability	Council assesses procurement options by forming a balanced analysis of Value for Money (VFM), Local Economic Development and Sustainability. Council's procurement activities will be carried out based on obtaining Value for Money. This means minimising the total cost over the lifetime of the requirement consistent with acceptable quality, reliability and delivery considerations. Lowest price is not the sole determinant of Value for Money.
Be Transparent and Fair in all dealings	Council's procurement processes ensure that Council provides an open and fair system for suppliers and the community while maintaining equity, transparency and confidence in the process.
Demonstrate Professional Integrity and Probity Management	Council's procurement processes are managed in an ethical manner to ensure regulatory compliance, probity and the highest professional standards are always maintained. The integrity of delegations is maintained, and any probity breaches are responded to as a high order priority. Advice provided to delegated authorities and decision makers is reliable and based on thorough review and investigation.
Ensure all responsible employees have the necessary skills and knowledge	Council requires responsible employees to demonstrate their knowledge and understanding of the Procurement Policy, Processes and Guidelines and provides the necessary training to ensure competencies in procurement are maintained.
Define Accountabilities and manage them	Council management and system controls clearly define responsibility and accountability for all procurement actions and decisions. Procurement systems enable the monitoring of procurement performance and non-compliances are dealt with swiftly and systematically.
Actively manage Safety and Risks	The occupational health & safety and risk management systems and practices effectively identify, address and minimise both real and perceived risks to Council, its employees and suppliers throughout the entire procurement process.
Utilise appropriate systems and processes that are efficient, effective and practical	Procurement systems are designed to ensure efficiency and effectiveness for both employees and suppliers, eliminating unnecessary or bureaucratic practices. Technology systems used are fit-for-purpose and enable both compliance and excellence in procurement practice. Procurement demonstrates innovation and continuous improvement.
Collaborate to benefit our organisation and the Maroondah community	Council seeks out opportunities to collaborate both internally and with other Councils or procurement organisations to gain benefits from aggregation and knowledge sharing.

## Relationship to the Maroondah 2040 Community Vision

The Maroondah 2040 Community Vision: Our Future Together identifies a range of preferred outcomes for the community under 8 themes looking ahead to the year 2040.

The Procurement Policy aims to support the following preferred outcomes taken from the Maroondah 2040 Community Vision.

### A well governed and empowered community

In 2040, Maroondah will be an empowered community actively engaged in local decision, led by an innovative community inspired Council that collaborates regionally and proactively champions local needs.

## Policy Principles

Council refers all employees to the **Procurement Procedures Manual**, **Procurement Guidelines** and **Contract Management Guidelines** which are considered to be read in conjunction with the Procurement Policy.

All Council employees will apply the principles of this policy during the undertaking of all procurement related activities, ensuring that:

- Separation of duties between the buyer and the approver is maintained.
- They are aware of their delegated or implied authority to purchase goods and services for Council.
- All purchases for Council are approved by an employee with appropriate authority, delegation and conforming with all relevant Policies and guidelines.
- All purchasing, and contract management activities are undertaken within allocated budgets.
- Council employees are aware of existing contracted supply arrangements and utilise these appropriately.
- Council's health & safety policies and procedures are considered in the purchase of all goods and services or carrying out of works.
- Where a purchase order is required, it is issued to suppliers prior to the supply of goods and/or services or carrying out of works.
- All purchase orders are followed through to completion to ensure the accurate recording of receipts of goods, services or carrying out of works and payment/s including the use of the electronic purchasing system to manage outstanding orders and committals.
- All records associated with the procurement process are recorded and retained in the relevant corporate systems.
- The appropriate procurement methodology is applied in line with financial thresholds as described in Table 3.

## Value for Money

Section 108 (3) of the *Local Government Act 2020* requires that Council stipulates the criteria that helps measure the value for money concept. For Maroondah, obtaining value for money does not mean Council is obliged to accept the lowest price.

The concept of 'value for money' involves considering both financial and non-financial factors including:

- advancing the council's priorities
- fit for purpose
- quality
- service and support
- whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of goods, services or works.

All these are elements should be considered by employees with purchasing responsibilities, and how best to measure them specifically for what they are intending to procure.

## Cumulative Spend

If the cumulative spend with a supplier exceeds the threshold set by the Governance & Procurement team. The Governance & Procurement team will review the expenditure and decide if a tender process will deliver better value.

Care must be taken to ensure that Council complies with its procurement obligations in circumstances in which cumulative payments to a single supplier, or to multiple suppliers in respect of similar goods, services or works, meet or exceed the thresholds set out in this Policy.

Council should, wherever possible, leverage this cumulative spend, rather than treating each discrete arrangement as a separate procurement, to achieve greater value for money. Council must proactively identify opportunities for aggregation.

The likely total cumulative value of a procurement activity, or a category of activity for which there are a number of suppliers providing similar goods, services or works, must be considered during the planning phase of a procurement.

## No competitive process

If it is established that a competitive process is not required, this would require approval of the Governance and Procurement Team. In order for it to meet this criterion, the purchaser would need to consider the nature of the procurement and the characteristics of the market are such that the public tender process would not provide value for money for Council. Refer to Exemptions (Table 2).

## Collaborative Procurement

Council will seek opportunities to collaborate with other Councils or public bodies (e.g. MAV Procurement, Procurement Australia or State Government) when procuring goods, services or works, in order to take advantage of efficiencies and economies of scale.

Under section 109 (2) of the *Local Government Act 2020* any report to the Council that recommends entering into a procurement agreement includes information in relation to any opportunities for collaboration with other Councils or public bodies which may be available.

## Exemptions

Certain expenditure is exempt from the procurement methodology as described below.

**Table 2 - Exemptions:**

EXPENDITURE EXEMPT FROM PROCUREMENT METHODOLOGY (TABLE 3)	PO REQUIRED
• Annual software maintenance costs	✓
• Art gallery exhibitions and installations	✓
• Auditors/Audit & Risk Committee	✓
• Cabcharge	✗
• Election services	✓
• Emergency (pandemic, storms, floods, fire)	✗
• Grants/Contributions	✗
• Insurance premiums	✗
• Legal services	✓
• Local Government contracts (must comply with the LG Act 2020)	✓
• Local, State and Federal Government Departments & Authorities	✗
• Monies collected by Council on behalf of others	✗
• Payroll expenses & deductions	✗
• Performers/Guest Speakers	✓
• Pet desexing voucher reimbursement	✗
• Pre-employment checks	✓
• Professional association memberships	✗
• Recruitment advertising	✓
• Refunds	✗
• Reimbursements	✗
• State Government, MAV Procurement & Procurement Australia contracts	✓
• Statutory fees	✗
• Subscriptions/Music/Copyright fees	✗
• Tutors	✗
• Training & professional development	✗
• Utilities/Local Authorities	✗
• Urgent Repairs/Make Safe Works & Services	✓
• Workcover related expenses	✗

**Table 3. – Procurement Methods Matrix**

Range	Procurement Method	Evaluation Method	Purchase Order or Contract	Payment Method	System
<b>\$0 - \$5,000</b>	Instant purchase	Lowest Price	N/A	Purchase Card	Manual
	Instant purchase	Lowest Price	Purchase Order	Invoice	Computron
<b>\$5,001 - \$15,000</b>	1 Written Quote	Lowest Price	Purchase Order	Invoice	Computron
<b>\$15,001 - \$50,000</b>	2 Written Quotes	2 Quote Evaluation	# Purchase Order	Invoice	Computron
<b>\$50,001 - \$250,000</b>	3 Written Quotes	3 Quote Summary	# Purchase Order	Invoice	Computron
	Tender (Public or Selective)	Tender Evaluation	Contract	Invoice	Contracts 8
<b>\$250,000 +</b>	Public Tender	Tender Evaluation	Contract	Invoice	Contracts 8

# If assessed as 'High Risk' (see Procurement Procedures Manual), contact Governance and Procurement as a contract may be required.

The monetary limits and related procedures set out above may be waived on the written approval of Council's Chief Executive Officer, where it is in Council's or the community's best interests to do so, save that Council must always comply with its statutory obligations.

## Tender Process

Tenders will be invited from suppliers from either a select list or via public advertisement to submit an offer by tender. Submissions will be evaluated in accordance with pre-determined evaluation criteria. The selection of a successful tenderer will be recommended by an evaluation report.

Public tenders will be advertised on Council's e-Tendering portal.

Information regarding current Tenders and awarded Tenders are published on Council's website.