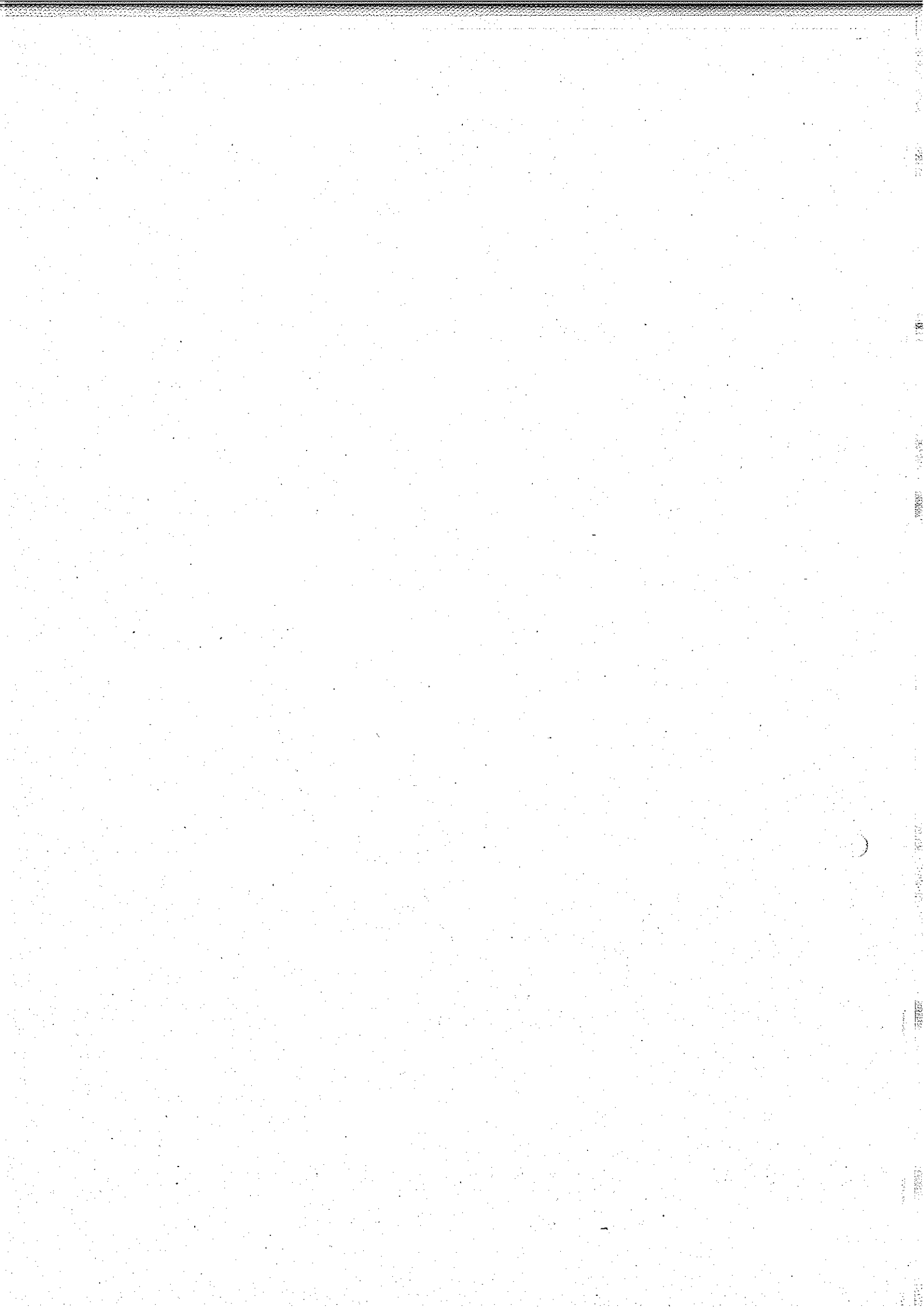


Attachment 1

Procurement Policy as adopted
25 May 2010



Council Policy

Council policy title:	Procurement Policy
Council policy ref no:	C/POL/COR/001
Council policy owner:	Director Corporate Services
Adopted by:	Bayside City Council
Date adopted:	25 May 2010
Scheduled review:	Annually

CURRENT

1. Policy intent

Bayside City Council recognises that a procurement strategy and appropriate best practice contracting and procurement principles, policies, processes and procedures, will enhance achievement of council objectives such as socially responsible procurement, value for money, achieving innovation and providing best value services to the community.

2. Purpose/Objective

In November 2008, amendments to the Local Government Act 1989 were passed which included a new section s186a that requires a council to 'prepare and approve a Procurement Policy'. A Procurement Policy must include any prescribed matter and a council must have regard to Ministerial Guidelines made under the section when preparing its policy. A council must review its procurement policy annually and make it available for public inspection.

3. Scope

The scope of the Procurement Policy provides guidance to Council to ensure best practice and probity in purchasing, consistency and control over procurement activities, increasing the probability of obtaining the right outcome when purchasing goods and services, ensuring accountability and best value to the community with a focus on sustainable and socially responsible procurement and guides Council on ethical behaviour in public sector purchasing.

4. Roles & Responsibilities

The responsibility for implementing, monitoring, evaluating and reviewing the policy sits within the Commercial Services Department and all Council officers are required to comply with the policy.

5. Monitoring, evaluation & review

The Local Government Act 1989 requires that the Procurement Policy be reviewed on an annual basis and Council's Audit Committee provides additional review through regular reports.

6. Policy statement

Effective Legislative and Policy Compliance and Control - Ethics and Probity Requirement

Council's procurement activities must be performed with unquestionable integrity and in a manner able to withstand the closest possible scrutiny.

Conduct of Councillors and Council Staff

Councillors and Council Staff shall at all times conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity and will:

- Treat potential and existing suppliers with equality and fairness;
- Not seek or receive personal gain;
- Maintain confidentiality of Commercial in Confidence matters and information such as contract prices and other sensitive information;
- Present the highest standards of professionalism and probity;
- Deal with suppliers in an honest and impartial manner that does not allow conflicts of interest;
- Provide all suppliers and tenderers with the same information and equal opportunity; and
- Be able to account for all decisions and provide feedback on them.

Council Staff responsible for managing or supervising contracts are prohibited from either being engaged by a Council contractor or performing any works under the contract they are supervising.

Tender Processes

All tender processes shall be conducted in accordance with the requirements of this policy and any associated procedures, relevant legislation, relevant Australian Standards and the Act.

Conflict of Interest

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

CURRENT

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 or any member of their immediate family has a significant interest, or holds a position of influence or power in a business undertaking tendering for the work.

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

Fair and Honest Dealing

During a public tender process, all prospective contractors and suppliers must be afforded an equal opportunity to tender or quote. Impartiality must be maintained throughout the procurement process so that it can withstand public scrutiny

The commercial interests of existing and potential suppliers must be protected. Confidentiality of information provided by existing and prospective suppliers must be maintained at all times, particularly commercially sensitive material such as, but not limited to prices, discounts, rebates, profit, manufacturing and product information.

Accountability and Transparency

Accountability in procurement means being able to explain and evidence what has happened. 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 Council policies and procedures.

Additionally:

- The responsible Council Staff must be able to account for all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council and, where necessary, brief tenderers regarding the documented decision making process and
- All procurement activities are to leave an audit trail for monitoring and reporting purposes.

Gifts and Hospitality

No Councillor or member of Council staff shall, either directly or indirectly solicit or accept gifts or presents from any member of the public who is involved, either directly or indirectly, with any matter that is connected with the duties of the officer, or in which the Council is interested.

CURRENT

Councillors and Council staff must exercise the utmost discretion in accepting hospitality from contractors or their representatives, or from organisations, firms or individuals with whom they have official dealings. Councillors and Council staff should also avoid the ambiguous situation created by visiting the premises of a contractor, organisation, firm or individual uninvited and/or not on official business.

Offers of bribes, commissions or other irregular approaches from organisations or individuals (no matter how insubstantial the evidence available), must be promptly brought to the attention of the CEO.

Disclosure of Information

Information received by the Council that is Commercial in Confidence must not be disclosed and is to be stored in a secure location. Councillors and Council staff are to protect, by refusing to release or discuss, information to the extent that it is Commercial in Confidence. This may include:

- Information disclosed by organisations in tenders, quotation or during tender negotiations;
- 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 with any tendering party or its representative or agent which could have potential contractual implications prior to the contract approval process being finalised, other than authorised pre-contract negotiations.

Governance Structure

The Council shall:

- Establish a procurement management responsibility structure and delegations ensuring accountability, traceability and auditability of all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council;
- Ensure that the 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;
 - Ensures that prospective contractors and suppliers are afforded an appropriate opportunity to tender/quote;
 - Encourages competition; and
 - Ensures that policies that impinge on the purchasing policies and practices are communicated and implemented.

Standards

The Council's procurement activities shall be carried out to the professional standards required by best practise and in compliance with the:

- Act,
- Council's policies,
- Council's Code of Conduct, and
- Other relevant legislative requirements such as but not limited to the Trade Practises Act, Goods Act and the Environmental Protection Act.

Methods

Council's standard methods for purchasing goods, services and works shall be by:

- Purchase order following a quotation process,
- Under contract following a tender process, or
- Where the Council is satisfied that value for money requirements have been satisfied, under purchasing schemes including collaborative purchasing arrangements with other Councils and commercial schemes such as provided by Strategic Procurement and the Municipal Association of Victoria;

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

The Council may, at its discretion and based on the complexity and cost of the project, conduct one stage or multi-stage tenders. Typically a multi-stage tender process will commence with a registration of interest stage followed by a tender process involving the organisations selected as a consequence of the registration of interest stage.

Registrations of interest may be appropriate where:

- The requirement is complex, difficult to define, unknown or unclear,
- The requirement is capable of several technical solutions,
- The Council wishes to consider ahead of formal tender processes such issues as whether those tendering possess the necessary technical, managerial and financial resources to successfully complete the project,
- Tendering costs are likely to be high and Council seeks to ensure that companies incapable of supplying the requirement don't incur unnecessary expense,
- It is necessary to pre-qualify suppliers and goods to meet defined standards, and
- The requirement is generally known but there is still considerable analysis, evaluation and clarification required (both of the objective and the solution).

Responsible Financial Management

The principle of responsible financial management must 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, must 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.

Procurement Thresholds and Competition

Requirement

The Council will from time to time decide and publish in this policy clear guidelines for minimum spend competition thresholds. These will be dependent on the size and complexity of the proposed procurement activities.

Minimum Spend Competition Thresholds

Tenders

The acquisition of goods and services for which the estimated expenditure exceeds \$150,000, and building and construction works for which the estimated expenditure exceeds \$200,000 must be undertaken by public tender as per the thresholds contained in the Local Government Act.

However, should the CEO consider that the nature of the requirement and the characteristics of the market are such that the public tender process would lead to a better result for the council, public tenders may be called for purchase of goods, services and works for which the estimated expenditure is below these thresholds.

Quotations

Purchase of goods and services having a total of \$150,000 and works having a total valuation of \$200,000 or less in a single contract or supply arrangement may be undertaken using the procurement by quotation method as described below:

➤ *Item of value up to \$15,000 – Request for quotation.*

A minimum of one email or written quotation must be obtained and the details recorded before placing an order and documented in the Council's Record system. Similar details must be recorded where more than one supplier has quoted.

CURRENT

➤ *Items with a value – \$15,001 to \$25,000 – Request for quotation.*

Council will receive a minimum of three email or written quotations. The quotation offering the best value for money must be confirmed by the supplier on company letterhead and the order placed with that firm.

Details of the suppliers (a minimum, ie between 3 and 5) contacted and their quotations must be recorded on at least a simple spreadsheet or similar document in the Council's records system.

➤ *Items with a value – \$25,001 to \$150,000 (goods and services) and \$25,001 to \$200,000 (works) - Request for quotation.*

Council will receive a minimum of three quotations by issuing a written Request for Quotation. Public advertising is not required but will be used when judged to be sufficiently advantageous to Council.

Quotations returned by the nominated closing date must be evaluated and a recommendation made in favour of the supplier offering the best value for money outcome.

The original supplier's quotations must be maintained in Council's record system.

➤ *Public Advertising.*

Quotations may be advertised at the Council staff member's discretion. This may occur when a field of potential tenderers hasn't been established, or an innovative approach is required, or the project has broad appeal that may attract keen prices, etc. The minimum placement requirement includes use of any newspaper approved by Council for such purpose.

➤ *Insufficient quotations.*

The situation may arise where insufficient quotations are received to satisfy the above requirements.

This may occasionally occur where there are few suppliers for the goods, services or works being sought. In this case, the details of the contacted suppliers must be recorded on the spreadsheet or recommendation and an appropriate comment recorded. In addition the following management approval is required where insufficient quotations are available:

- *Items with a value \$15,001 to \$ 25,000 – approval by third level Manager or above.*
- *Items with a value \$ 25,001 to \$150,000 (goods and services) and \$25,001 to \$200,000 (works) – approval by Group Manager or CEO.*

In addition there may be occasions when only one quotation may be received. Such occasions would require approval of a Group Manager or above and would generally be considered under the following circumstances:

- In the event of emergency works for safety reasons
- When there is only one known and reputable supplier.

CURRENT

Delegation of Authority Requirement

Delegations define the limitations within which Council staff are permitted to work. Delegation of procurement authority allows specified Council staff to approve certain purchases, quotation, tender and contractual processes without prior referral to the Council. This enables the Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

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

As such, the Council has delegated responsibilities as detailed below relating to the expenditure of funds for the purchase of goods, services and works, the acceptance of quotes and tenders and for contract management activities.

Delegations Reserved for the Council

Council Staff

The Council shall maintain a documented scheme of procurement delegations, identifying the Council staff authorised to make such procurement commitments in respect of goods, services and works on behalf of the Council and their respective delegations contained in financial delegations policies.

- > Acceptance of tenders;
- > Acceptance of quotes;
- > Contract term extensions (within authorised budget);
- > Contract amendment (financial and non-financial);
- > Appointment to register of pre-qualified suppliers;
- > Credit Card purchases; and
- > Procedural exceptions.

Delegations Reserved for the Council

Commitments and processes which exceed the CEO's delegation and which must be approved by the Council are:

- > Signing and sealing of contract documents; and
- > Tender recommendations and Contract approval for all expenditure over \$250,000 for goods and services and capital works in value.

Internal Controls

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

CURRENT

- More than one person is involved in and responsible for a transaction end to end;
- Transparency in the procurement process;
- A clearly documented audit trail exists for procurement activities;
- Appropriate authorisations are obtained and documented; and
- Systems are in place for appropriate monitoring and performance measurement.

Commercial Information

Procurement activities will be carried out in a way that supports Council staff in meeting their obligations - to ensure information of a commercially sensitive or confidential nature is obtained, stored, processed, published (where applicable) in an appropriate manner in accordance with the relevant Council guidelines.

Risk Management

Risk Management is to be appropriately applied at all stages of procurement activities which will be properly planned and carried out in a manner that will protect and enhance the Council's capability to prevent, withstand and recover from interruption to the supply of goods, services and works.

Supply by Contract

The provision of goods, services and works by contract potentially exposes the Council to risk. The Council will minimise its risk exposure by measures such as:

- Standardising contracts to include current, relevant clauses;
- Requiring security deposits where appropriate;
- Referring specifications to relevant experts;
- Requiring contractual agreement before allowing the commencement of work;
- Use of or reference to relevant Australian Standards (or equivalent); and
- Effectively managing the contract including monitoring and enforcing performance.

Contract Terms

All contractual relationships must be documented in writing based on standard terms and conditions.

Where this is not possible, approval must be sought by the appropriate member of Council staff listed in the delegations section or above. A request for such an approval should be supported with procurement and legal advice as relevant.

To protect the best interests of the Council, terms and conditions must be settled in advance of any commitment being made with a supplier. Any exceptions to doing this expose the Council to risk and thus must be authorised by the appropriate member of Council staff listed in the delegations section above.

CURRENT

Endorsement

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

Dispute Resolution

All Council contracts shall incorporate dispute management and alternative dispute resolution provisions to minimise the chance of disputes escalating to legal action.

Contract Management

The purpose of contract management is to ensure that the Council, and where applicable its clients, receive the goods, services or works provided to the required standards of quality and quantity as intended by the contract by:

- Establishing a system reinforcing the performance of both parties' responsibilities and obligations under the contract; and
- Providing a means for the early recognition of issues and performance problems and the identification of solutions.

All Council contracts are to include contract management requirements.

Furthermore, contracts are to be proactively managed by the member of Council staff responsible for the delivery of the contracted goods, services or works to ensure the Council receives value for money.

Demonstrate Sustained Value

Integration with Council Strategy

The Council's procurement strategy shall support its corporate strategy, aims and objectives, including but not limited to those related to sustainability, protection of the environment, corporate social responsibility and meeting the needs of the local community such as:

- Feeling safe,
- Living in a clean and pleasant environment, and
- Receiving good quality well managed Council services that are Value for Money

Achieving Value for Money

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

This means minimising the total cost of ownership over the lifetime of the requirement consistent with acceptable quality, reliability and delivery considerations. Lowest price is not the sole determinate of value for money.

CURRENT

Approach

This will be facilitated by:

- Developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout;
- Effective use of competition;
- Using centralised contracts and Standing Offers Agreement where appropriate;
- Identifying and rectifying inefficiencies in procurement processes;
- Developing cost efficient tender process including appropriate use of e-solutions;
- Council staff responsible for providing procurement services or assistance within the Council providing competent advice in terms of available products and agreements; and
- Working with suppliers to create relationships that are professional and productive, and are appropriate to the value and importance of the goods, services and works being acquired.

Role of Specifications

Specifications used in quotations, tenders and contracts are to support and contribute to the Council's Value for Money objectives through being written in a manner that:

- Ensures impartiality and objectivity;
- Encourages the use of standard products;
- Encourages sustainability;
- Eliminates unnecessarily stringent requirements; and
- wherever possible specifies technical standards and requirements that are within the capabilities of local and other suppliers.

Performance Measure and Continuous Improvement

Appropriate performance measures are to be established and reporting systems will be used to monitor performance and compliance with procurement policies, procedures and controls.

Procurement procedures, practices and costs will be benchmarked externally. Internal service standards will be agreed within the Council and performance against these targets will be measured and reviewed regularly to support continuous improvement. The performance measurements developed will be used to:

- Highlight trend and exceptions where necessary to enhance performance.
- Improve the internal efficiency of the procurement process and where relevant the performance of suppliers

CURRENT

- Facilitate relevant programs to drive improvement in procurement to eliminate waste and inefficiencies across key expenditure categories.

Sustainability

Council is committed to achieving sustainability and ensuring it monitors and reports on Council activities and programs that have an impact on or contribute to the environment including but not limited to:

- Waste management,
- Recycling,
- Energy management,
- Emission management,
- Water conservation,
- Green building design, and
- Procurement.

Sustainable Procurement

The Council is committed to adopting a green procurement approach by supporting the principles of sustainable procurement within the context of purchasing on a value for money basis. Value for money purchasing decisions made by the Council are made on the basis of cost and non-price factors including contribution to the Council's sustainability objectives.

The Council prefers to purchase environmentally preferred products and services whenever they achieve the same function and value for money outcomes. Council will demonstrate to the community that the purchasing decisions of Council can enhance environmental sustainability and improve markets for recycled and environmentally preferred products.

Council subscribes to membership of green procurement programs and will draw on this resource to achieve its sustainable procurement initiatives.

Where practical and operationally efficient, Council will integrate the following green purchasing practices into its operations and encourage its suppliers and contractors to adopt the same.

- Avoid where possible negative environmental impacts from the purchase of goods and services.
- Reduce resource consumption and waste production:
Require the selection of efficient products (use of materials, fuel, water, energy and waste production). Ideally energy and water star ratings of four star and above, and vehicles of a high Green Vehicle Guide star rating;

CURRENT

- Reuse where possible:
Require the provision of re-use and recycling as part of the project planning process, including the consideration of whole-life cycle analysis where available.

CURRENT

- **Recycle**
The purchase of recycled/part recycled products to optimise consumption and stimulate demand for recycled products, promoting the collection and reprocessing of waste and minimising waste to landfill.
- **Green the supply chain**
Give preference to suppliers able to demonstrate that their goods and/or services are consistent with Council's green procurement initiatives. In particular:
 - Encouraging Council suppliers to adopt good environmental practices, for example, provision of life cycle assessment information, documented waste minimisation strategies and/or become a green procurement supplier
 - Actively promoting green procurement throughout its supply chain and ensure selection that has minimum environmental impact
 - Investment in "smart building" technology.

Green Procurement Initiatives

Green procurement policy initiatives include:

- Continuing Council's ECO-Buy membership
- Implementation of green procurement programs
- Establishment of a green procurement working group
- Development and implementation of a Green Purchasing Policy
- Development of a system to monitor the purchasing of green products
- Benchmarking purchasing, sustainability and operational processes and goals for comparative purposes
- Development of an ethical procurement framework (including an opportunity map, sustainability goals and project alignment)
- Integration of green purchasing criteria into Council operations and marketing strategies including specification in procurement documentation, tenders and contracts, which demonstrates responsible environmental/corporate social responsibility practices
- Ensuring compliance with relevant legislative requirements
- Communicating green procurement requirements both internally to Council staff and externally to suppliers of goods and services.

Diversity

Promoting equality through procurement can improve competition, Value for Money, the quality of public services, satisfaction among users, and community relations. It should be a consideration in every procurement project and reflect corporate commitment to diversity and equal opportunities wherever possible.

CURRENT

Apply a Consistent and Standard Approach

The Council will provide effective and efficient commercial arrangements for the requisition of goods and services.

Standard Processes

The Council will provide effective commercial arrangements covering standard products and provision of standard services across the Council to enable employees to source requirements in an efficient manner.

This will be achieved via establishing the following:

- Pricing where relevant;
- Processes, procedures and techniques;
- Tools and business systems (e.g. implementing the appropriate e-catalogue arrangements or e-sourcing arrangements);
- Reporting requirements;
- Application of standard contract terms and conditions.

Performance Indicators

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

- The proportion of expenditure against corporate contracts;
- User and supplier satisfaction levels;
- Knowledge and skill of Council employees in procurement process;
- Level of compliance and understanding of Council procurement policies;
- Measuring the success of procurement initiatives eg. procurement cards

Management Information

The Council seeks to improve its performance by capturing and analyzing procurement management information in a variety of areas, including:

- Volume of spend;
- Number of transactions per supplier;
- Supplier performance;
- User satisfaction;
- Category management; and
- Green spend.

CURRENT

The Council will also use external sources of management information to assist with the procurement decision making process including:

- Benchmarking data
- Information from professional bodies such as the Chartered Institute of Purchasing and Supply Australia
- Supplier reports.

Build and Maintain Supply Relationships

Council recognises that in order to achieve sustainable value a strategic assessment of the, appropriate 'channel to market' should be undertaken – whether to go to market on its own, participate in regional or sector aggregated projects or panels, access State Government panel agreements or other means. Council will consider supply arrangements that deliver the best value outcomes in terms of time, expertise, cost, value and outcome.

Developing and Managing Suppliers

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

- Managing existing suppliers, via the appropriate development programs and performance measurements to ensure the benefits are delivered.
- Maintaining approved supplier lists
- Developing new suppliers and improving the capability of existing suppliers where appropriate.

Supply Market Development

A wide range of suppliers should be encouraged to compete for Council work. The focus for new work need not always be with the larger more familiar businesses. Other types of organisations, offering business diversity include:

- Local businesses
- Green suppliers
- Small to medium sized enterprises
- Social enterprises
- Ethnic and minority business
- Voluntary and community organizations.

CURRENT

Relationship Management

Council is committed to developing constructive long-term relationships with suppliers. It is important that the Council identifies its key suppliers so that its efforts are focused to best effect. Such areas may include:

- Size of spend across the Council
- Criticality of goods / services supplier, to the delivery of the Council's services
- Availability of substitutes
- Market share and strategic share of suppliers.

Communication

External communication is very important in ensuring a healthy interest from potential suppliers and partners to the Council. The external website will provide:

- Information about the Council and how to become an approved supplier.
- A list of existing and forthcoming contract opportunities, projected over a number of years.
- Guidelines for doing business with the Council.
- Standard documentation used in the procurement process
- Links to other relevant sites.

Continual Improvement

Council is committed to continuous improvement and will review the procurement policy on an annual basis, to ensure that it continues to meet its wider strategic objectives.

Policy Owner and Contact Details

The Director Corporate Services, Bayside City Council is the designated owner of this policy. For further information on the Policy please contact via email – spearsons@bayside.vic.gov.au or phone [03] 95994410.

Please note: This policy is current as at the date of approval. Refer to Council's website (www.bayside.vic.gov.au) or staff intranet to ensure this is the latest version.

7. Related documents

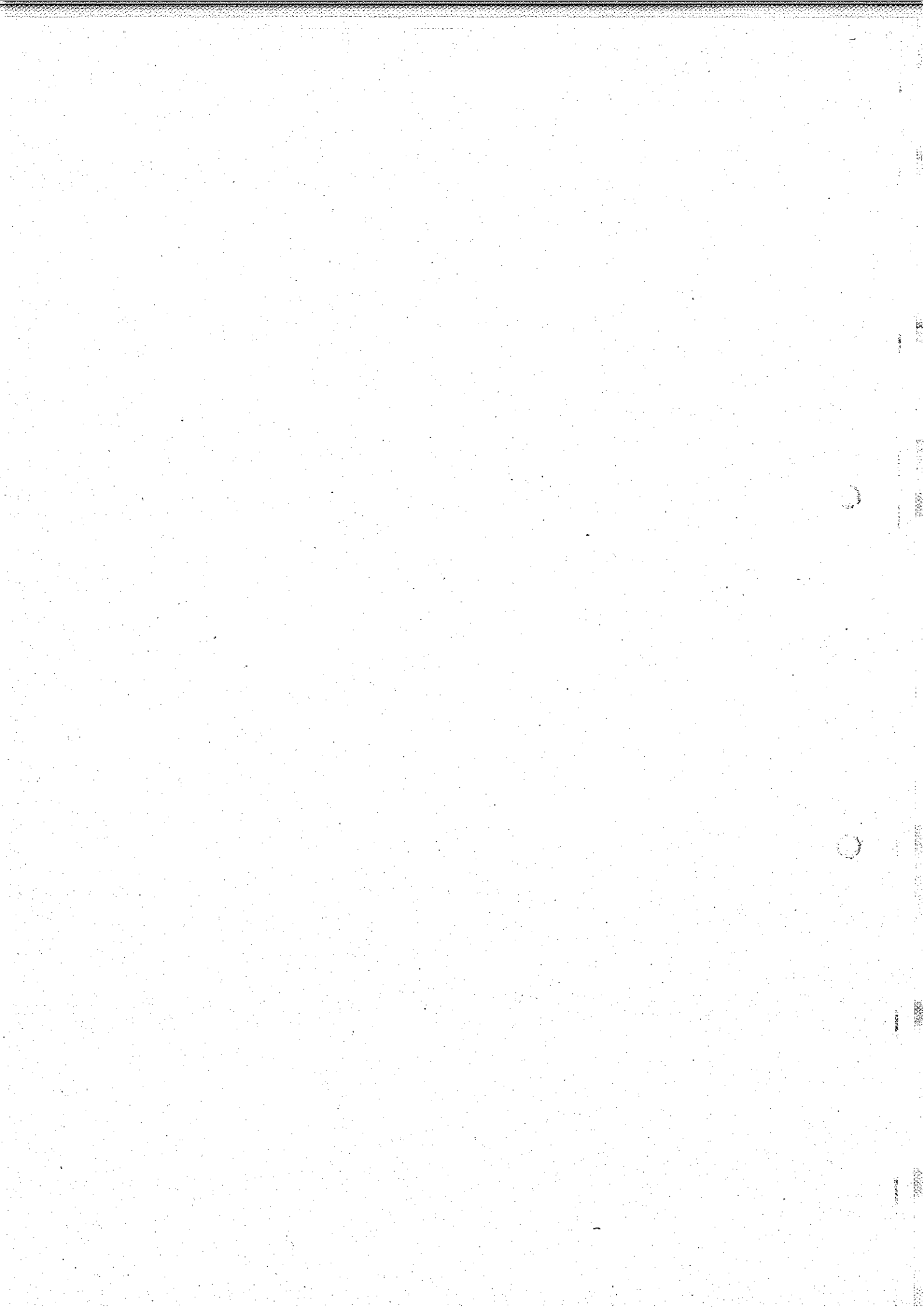
Policies	Bayside City Council Tendering and Purchasing Policy
Strategies	
Procedures	Bayside City Council Tendering Procedures
Guidelines	Bayside City Council Tendering and Procurement Guidelines Bayside City Council Probity Guidelines Bayside City Council Code of Conduct for Councillors and Officers

8. Definitions & Abbreviations

Term	Meaning
<i>Treatment of GST</i>	All monetary values stated in this policy include GST except, where specifically stated otherwise.
<i>Act:</i>	Local Government Act 1989
<i>Commercial in Confidence:</i>	Information that if released may prejudice the business dealings of a party eg. prices, discounts, rebates, profits, methodologies and process information, etc.
<i>Contract Management:</i>	The process that ensures both parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular, to provide value for money.
<i>Council Staff:</i>	Includes full time and part-time Council officers, and temporary employees, contractors and consultants while engaged by the Council.
<i>CSR Practices:</i>	Corporate Social Responsibility. Relates to Council's supply chain being ethical, knowledgeable, reputable and where possible supporting green and sustainable products.
<i>Expression of Interest:</i>	A response to an open approach, usually by public advertisement, to the market requesting submissions from prospective suppliers interested in procurement. The list of potential suppliers who have provided expressions of interest may be used as the basis for conducting a select tender process.
<i>Probity:</i>	A procurement process that conforms to the expected standards of probity is one in which clear procedures that are consistent with the Council's policies and legislation are established, understood and followed from the outset. These procedures need to consider the legitimate interests of suppliers and ensure that all potential suppliers are treated equitably.
<i>Procurement:</i>	Procurement is the whole process of acquisition of 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.
<i>Standing Offer Agreement</i>	A contract that sets out rates for goods and services that are available for the term of the agreement. However, no commitment is made under the agreement to purchase a specified value or quantity of goods or services.
<i>Sustainability:</i>	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
<i>Tender Process:</i>	The process of inviting parties to submit a quotation or tender by public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.
<i>Value for Money:</i>	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: <ul style="list-style-type: none"> - contribution to the advancement of the Council's priorities; - non-cost factors such as fitness for purpose, quality, service and support; and - cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works.

Attachment 2

Procurement Policy as proposed
13 September 2011



Council Policy

Council policy title:	Procurement Policy
Council policy ref no:	C/POL/COR/001
Council policy owner:	Director Corporate Services
Adopted by:	Bayside City Council
Date adopted:	13 September 2011
Scheduled review:	Annually

1. Policy intent

The intent of the Procurement Policy is to ensure high standards of probity and accountability in Council's procurement activities with high levels of confidence in obtaining best value outcomes when purchasing goods, services and works.

2. Purpose/Objective

The purpose of this Policy is to help ensure that Council's contracting and procurement principles, policies, processes and procedures, consider the following overall objectives:

1. Achieve value for money in the procurement of goods, services and works.
2. Are conducted, and are seen to be conducted, in an impartial, fair and ethical manner.
3. Provide a robust, accountable and transparent audit trail.
4. Comply with legislation, Council Plan objectives, Council policies and industry standards.

3. Scope

The Local Government Act (the Act) 1989 section s186a requires Council to prepare and approve a Procurement Policy. This Policy must be considered in all aspects of Council's procurement of goods and services. Council must also review the Procurement Policy annually and make it available for public inspection at Council offices and on the website.

4. Roles & Responsibilities

The responsibility for implementing, monitoring, evaluating and reviewing the Policy sits within the Corporate Services Division. All Council staff and Councillors are required to comply with the Policy.

5. Monitoring, evaluation & review

The Local Government Act 1989 requires that the Procurement Policy be reviewed and considered by Council annually. Council's Audit Committee also provides an additional review through regular reports.

6. Policy statement

6.1 General Requirements

6.1.1 Application

The application of this Policy needs to be considered in the overall context of achieving the best value for money outcomes for Council and the Bayside community. A key message is that the purchasing of goods and services at Bayside needs to be sensitive to customer needs and expectations, market demand, market supply and prevailing market forces to achieve the best possible purchasing outcomes.

All purchasing, tender and quotation processes shall be conducted in accordance with the requirements of this Policy and related legislation and industry standards, in the following order of hierarchy;

- Federal legislation, including the Competition & Consumer Act;
- State legislation, including the Local Government Act;
- Council's Procurement Policy;
- Council's Purchasing and Tendering Procedures; and
- Victorian Government Purchasing Board Guidelines.

6.1.2 Ethics and Probity

Council's procurement activities must be performed with unquestionable integrity and in a manner able to withstand the closest possible scrutiny.

6.1.3 Conduct of Councillors and Council Staff

Councillors and Council Staff shall at all times conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity and will:

- Treat potential and existing suppliers with equality and fairness;
- Not seek or receive personal gain;
- Maintain confidentiality of Commercial-in-Confidence matters and information such as contract prices and other sensitive information;
- Present the highest standards of professionalism and probity;
- Deal with suppliers in an honest and impartial manner that does not allow conflicts of interest;
- Provide all suppliers and tenderers with the same information and equal opportunity; and
- Be able to account for all decisions and provide feedback on them.

Council Staff responsible for managing or supervising contracts are prohibited from either being engaged by a Council contractor or performing any works under the contract they are supervising.

6.1.4 Conflict of Interest

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

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

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

6.1.5 Fair and Honest Dealing

All prospective contractors and suppliers must be afforded an equal opportunity to tender or quote. Impartiality must be maintained throughout the procurement process so that it can withstand public and audit scrutiny.

The commercial interests of existing and potential suppliers must be protected. Confidentiality of information provided by existing and prospective suppliers must be maintained at all times, particularly commercially sensitive material such as, but not limited to prices, discounts, rebates, profit, manufacturing and product information.

6.1.6 Accountability and Transparency

Accountability in procurement means being able to explain and evidence what has happened. 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.

6.1.7 Gifts and Hospitality

No Councillor or member of Council staff shall, either directly or indirectly solicit or accept gifts or presents from any member of the public who is involved, either directly or indirectly, with any matter that is connected with the duties of the officer, or in which the Council is interested.

Councillors and Council staff must exercise the utmost discretion in accepting hospitality from contractors or their representatives, or from organisations, firms or individuals with whom they have official dealings.

Offers of bribes, commissions or other irregular approaches from organisations or individuals (no matter how insubstantial the evidence available), must be promptly brought to the attention of the Chief Executive Officer.

6.1.8 Endorsement

Council staff must not endorse any products or services. Individual requests received for endorsement must be referred to a Director or CEO.

6.1.9 Disclosure of Information

Information received by the Council that is Commercial in Confidence must not be disclosed and is to be stored in a secure location. Councillors and Council staff are to protect, by refusing to release or discuss, information to the extent that it is Commercial-in-Confidence. This may include:

- Information disclosed by organisations in tenders, quotation or during tender negotiations;
- 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 with any tendering party or its representative or agent which could have potential contractual implications prior to the contract approval process being finalised, other than authorised pre-contract negotiations.

6.1.10 Governance Structure

The Council shall:

- Establish a procurement management responsibility structure and delegations ensuring accountability, traceability and auditability of all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council;
- Ensure that the 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;
 - Ensures that prospective contractors and suppliers are afforded an equal opportunity to tender/quote;
 - Encourages competition; and
 - Ensures that policies that impinge on the purchasing policies and practices are communicated and implemented.

6.1.11 Responsible Financial Management

The principle of responsible financial management must be applied to all procurement activities. This includes ensuring that existing funds within an approved budget, or source of funds, is established prior to the commencement of any procurement action for the supply of goods, services or works.

Council staff must only authorise the expenditure of funds in accordance with 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.

Delegations define the limitations within which Council staff can make financial commitments. Delegation of procurement authority allows specified Council staff to approve certain purchases, quotation, tender and contractual processes without prior referral to the Council. This enables the Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.

The financial delegations for Council staff are detailed in Council's Purchasing & Tendering Procedures.

6.2 Sustainable Procurement

In accordance with the Council Plan, the organisation's procurement decisions and initiatives will be based on clear and transparent evidence, informed economic, environmental and social considerations. Therefore to achieve sustainable procurement, Council will adopt a triple-bottom-line approach by considering economic, Environmental and social sustainability.

6.2.1 Economic Sustainability

Council's procurement activities will be carried out on the basis of obtaining value for money. This means minimising the total cost of ownership over the lifetime of the requirement, consistent with acceptable quality, reliability and delivery considerations. Lowest prices is not the sole determinate of value for money. To help ensure value for money the following factors will be considered:

- Developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout;
- Effective use of competition;
- Using panel contracts and Standing Offers Agreement where appropriate;
- Identifying and rectifying inefficiencies in procurement processes;
- Developing cost efficient tender processes including appropriate use of e-solutions;
- Council staff responsible for providing procurement services or assistance within the Council providing competent advice in terms of available products and agreements; and
- Working with existing and potential suppliers to create relationships that are professional and productive, and are appropriate to the value and importance of the goods, services and works being considered.

6.2.2 Environmental Sustainability

Council is committed to achieving sustainability and ensuring it monitors and reports on Council activities and programs that have an impact on or contribute to the environment including but not limited to:

- Waste management;
- Recycling;
- Energy management;
- Greenhouse gas emission management;
- Water conservation;
- Green building design; and
- Green procurement.

The Council is committed to enhancing the environment by supporting the principles of environmental sustainable procurement within the context of purchasing on a value for money basis.

The Council prefers to purchase environmentally preferred products and services whenever they achieve the same function and value for money outcomes. Council will demonstrate to

the community that the purchasing decisions of Council can enhance environmental sustainability and improve markets for recycled and environmentally preferred products.

Where practical and operationally efficient, Council will integrate the following green purchasing practices into its operations and encourage its suppliers and contractors to adopt the same.

- Avoid where possible negative environmental impacts from the purchase of goods and services.
- Reduce resource consumption and waste production:
Require the selection of energy efficient products (use of materials, fuel, water, energy and waste production). Ideally energy and water star ratings of four star and above, and vehicles of a high Green Vehicle Guide star rating;
- Reuse where possible:
Require the provision of re-use and recycling as part of the project planning process, including the consideration of whole-life cycle analysis where available.
- Recycle;
The purchase of recycled/part recycled products to optimise consumption and stimulate demand for recycled products, promoting the collection and reprocessing of waste and minimising waste.
- Green the supply chain;
Give a weighting to suppliers able to demonstrate that their goods and/or services are consistent with Council's green procurement initiatives. In particular:
 - Encouraging Council suppliers to adopt good environmental practices, for example, provision of life cycle assessment information, documented waste minimisation strategies and/or become a green procurement supplier;
 - Actively promote green procurement throughout its supply chain and ensure selection that has minimum environmental impact;
 - Investment in "smart building" technology.

6.2.3 Social Sustainability

In accordance with the Council Plan and Community Engagement Framework, Council is committed to improving the quality of life in Bayside through the involvement of the Bayside community in a range of factors including the provision of goods and services. Council is also committed to ensuring that all views are considered through inclusive deliberation and active involvement of the community.

Council will therefore consider community building as a key evaluation criteria in the procurement of goods and services as appropriate. The criteria may include the following:

- Consulting and engaging with the community;
- Building community involvement in the ways services are delivered or works undertaken;
- Enhancing partnerships with community stakeholders and other service providers;
- Generating local employment (particularly among disadvantaged residents); and
- Providing a range of other social benefits including community amenity and public health and well-being.

6.3 Planning & Methodology

6.3.1 Role of Specifications

Specifications used in quotations, tenders and contracts are to support and contribute to the Council's objectives through being written in a manner that:

- Ensures impartiality and objectivity;
- Encourages the use of reliable and proven products;
- Encourages sustainability;
- Reduces bureaucracy and encourages innovation; and
- Wherever possible specifies requirements in terms of service outcomes and key performance standards.

Whilst it may be appropriate in certain circumstances to specify inputs, care must be taken to ensure that innovative solutions will still be encouraged.

6.3.2 Purchasing Methods

Council's standard methods for purchasing goods, services and works shall be by:

- Petty cash or corporate credit card for low value simple purchases;
- Purchase order following a quotation process;
- Contract following a tender process;
- Purchasing schemes or approved suppliers including collaborative purchasing arrangements with other Councils, and State Government approved schemes such as Procurement Australia and the Municipal Association of Victoria; and
- Other arrangements authorised by the Council or the CEO due to abnormal circumstances such as emergencies.

6.3.3 Procurement Thresholds and Competition

Council's Purchasing & Tendering Procedures details the minimum spend competition thresholds and the associated procurement methods. These thresholds are determined by this Policy as follows;

6.3.4 Public Tenders

The acquisition of goods and services for which the estimated expenditure exceeds \$150,000, and building and construction works for which the estimated expenditure exceeds \$200,000 must be undertaken by public tender as per the thresholds contained in the Act.

However to avoid any confusion regarding the definition of 'services' versus 'works' and to ensure compliance with the Act, Council will adopt a public tender threshold of \$150,000 for all purchases. This applies to the value of contracts that may be for a number of years. As a general rule the \$150,000 threshold should be determined by estimating the supply of goods or services with a single supplier for a consecutive period of up to 3 years.

The Council may, at its discretion and based on the complexity and cost of the project, conduct one stage or multi-stage tenders. Typically a multi-stage tender process will commence with a registration of interest stage followed by a tender process involving the organisations selected as a consequence of the registration of interest stage.

Registrations of interest may be appropriate where:

- The requirement is complex, difficult to define, unknown or unclear,
- The requirement is capable of several technical solutions,
- The Council wishes to consider ahead of formal tender processes such issues as whether those tendering possess the necessary technical, managerial and financial resources to successfully complete the project,
- Tendering costs are likely to be high and Council seeks to ensure that companies incapable of supplying the requirement don't incur unnecessary expense,
- It is necessary to pre-qualify suppliers and goods to meet defined standards, and
- The requirement is generally known but there is still considerable analysis, evaluation and clarification required (both of the objective and the solution).

6.3.5 Quotations

Purchase of goods and services, and works having a total valuation of \$150,000 or less in a single contract (over the total life of the contract) or supply arrangement (considered over a period of up to 3 years) must be undertaken using a quotation method as described below:

- *Item of value up to \$15,000 – Minimum one written quotation*
An invoice must be obtained and the details recorded before placing an order and documented in the Council's records system. Similar details must be recorded where more than one supplier has quoted.
- *Items with a value – \$15,001 to \$150,000 Request for three quotations*
Council will receive a minimum of three quotations by issuing a written Request for Quotation. Details of the suppliers contacted and their quotations must be recorded in Council's Contract Management System.

Public advertising is not required but will be used when judged to be sufficiently advantageous to Council. The relevant Service Area Manager must consider the potential benefits of public tendering for any purchases over \$100,000. A considered and conscious decision must be made by the Manager that three quotes will still achieve the best net value outcome.

Quotations returned by the nominated closing date must be evaluated and a recommendation made to consider the supplier offering the best value for money outcome.

- *Public Advertising.*
Quotations may be advertised when judged to be sufficiently advantageous to Council. This may occur when a field of potential tenderers hasn't been established, or an innovative approach is required, or the project has broad appeal that may attract competitive prices, etc. The minimum placement requirement includes use of any newspaper approved by Council for such purpose.
- *Insufficient quotations.*
The situation may arise where insufficient quotations are received to satisfy the above requirements. This may occasionally occur where there are few suppliers for the goods, services or works being sought. In this case, the details of the contacted suppliers must be recorded on the spreadsheet or recommendation and an appropriate comment

recorded. In addition the following management approval is required where insufficient quotations are available:

- *Items with a value up to \$100,000 approval by third level Manager or above.*
- *Items with a value up to \$150,000 approval by Director or CEO.*

In addition there may be occasions when only one quotation may be received. Such occasions would require approval as above and should generally only be considered under the following circumstances:

- In the event of emergency works for safety reasons; or
- When there is only one known and reputable supplier.

6.3.6 Delegation of Authority

Delegations define the limitations within which Council staff are permitted to work. The Council has delegated to the Chief Executive Officer authority to approve contracts up to \$250,000. The Chief Executive Officer has in turn delegated authority to Council staff. This Instrument of Sub-delegation is titled 'Financial Delegations' and is made by the Chief Executive Officer under the authority of an Instrument of Delegation authorised by resolution of Council.

The Financial Delegations allow specified Council staff to approve certain purchases, quotation, tender and contractual processes without prior referral to the Council. These Delegations identify the Council staff authorised to make such procurement commitments in respect of goods, services and works on behalf of the Council.

Commitments and processes which exceed the CEO's delegation and which must be approved by the Council are:

- Awarding contracts where the total contract value exceeds \$250,000; and
- Delegating to the Chief Executive Officer responsibility for awarding contracts with a total value in excess of the Chief Executive Officer's delegations.

6.4 Evaluation & Engagement

6.4.1 Quotation & tender evaluation

All quotations and tenders must be evaluated in a consistent manner against pre-determined evaluation criteria listed in order of importance. The use of a weighted matrix analysis is the recommended method for analysing and comparing tenders in a detailed and consistent manner. Financial benefit (the full cost of the good or service over its estimated life) will receive a weighting of between 30% and 60%.

The evaluation criteria must be determined prior to inviting proposals and should be listed in the invitation documents in order of importance. The evaluation criteria should be based on the following criteria;

- Risk Management;
- Financial stability and financial benefit;
- Social benefit; and
- Environmental benefit.

A due diligence analysis of the preferred or short-listed suppliers for all high value and/or highly complex projects must be undertaken to ensure that the suppliers have the capacity and stability to comply with the requirements of the contract.

6.4.2 Post tender negotiations

The conduct of negotiations after the close of a tender or quotation as part of the process for recommending the preferred supplier may be conducted as 'fine tuning' activity prior to entering into a contract or making a purchase. Matters for post tender negotiations may include:

- Clarifying the robustness of the lump sum price and/or schedule of rates;
- Additional value adding options;
- Specific contract management arrangements;
- Identifying key personnel for various stages of the contract;
- Intellectual property transfer opportunities; and
- Service supply arrangements.

The objective of post tender negotiations is to obtain the optimal solution and commercial arrangements and not merely the lowest price. Negotiations must also be mindful not to alter the scope or intent of a tender or proposal.

6.5 Contract Management & Administration

6.5.1 Corporate Records

The Responsible Officer authorised to make procurement commitments in respect of the relevant goods, services and works, will ensure timely and accurate corporate records are kept. Records shall include but not be limited to the following;

- Acceptance of tenders;
- Acceptance of quotes;
- Contract term extensions (within authorised budget);
- Contract amendments and variations (financial and non-financial);
- Appointment to register of pre-qualified suppliers;
- Corporate Credit Card purchases; and
- Procedural exceptions.

6.5.2 Internal Controls

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

- There is clear accountability and responsibility for all transactions;
- Transparency in the procurement process;
- A clearly documented audit trail exists for procurement activities;
- Appropriate authorisations are obtained and documented; and
- Systems are in place for appropriate monitoring and performance measurement.

6.5.3 Risk Management

Risk Management is to be appropriately applied at all stages of procurement activities which will be properly planned and carried out in a manner that will protect and enhance the

Council's capability to prevent, withstand and recover from interruption to the supply of goods, services and works.

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 or bank guarantees where appropriate;
- Referring specifications to relevant experts;
- Requiring written contractual formation 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.

A risk management plan is required to be developed for all maintenance and construction contracts. The risk management plan should consider the following factors:

- Risk identification;
- Risk assessment, likelihood versus consequence;
- Risk mitigation, actions to reduce, replace or eliminate risks;
- Risk allocation, allocate a responsible officer or external party to manager each risk;
- Monitoring and control.

6.5.4 Occupational Health and Safety

Council must ensure that all its contractors and suppliers share Council's commitment to providing a safe and healthy environment, so far as is reasonably practicable, within the Municipality for the Bayside community, staff and contractors. Preferred suppliers will need to demonstrate that they have appropriate systems and processes to manage risks and hazards and that provide appropriate education and training for all their staff.

6.5.5 Contract Terms

All contractual relationships must be documented in writing based on standard terms and conditions. The contract must be signed by the supplier before works or services commence.

Where this is not possible, for example in situations where community safety dictates an urgent necessity, approval must be sought by the appropriate member of Council staff with delegated authority. A request for such an approval should be supported with procurement and legal advice as relevant.

To protect the best interests of the Council, terms and conditions must be agreed in advance of any commitment being made with a supplier. Any exceptions to doing this expose the Council to risk and must be authorised by the appropriate member of Council staff with delegated authority.

6.5.6 Dispute Resolution

All Council contracts should incorporate dispute management and alternative dispute resolution provisions to minimise the chance of disputes escalating to legal action.

6.5.7 Contract Management

The purpose of contract management is to ensure that the Council, and where applicable its clients, receive the goods, services or works provided to the required standards of quality and quantity as intended by the contract by:

- Establishing a system reinforcing the performance of both parties' responsibilities and obligations under the contract; and
- Providing a means for the early recognition of issues and performance problems and the identification of solutions.

All Council contracts are to include contract management requirements and quality and cost standards.

Furthermore, contracts are to be proactively managed by the member of Council staff responsible for the delivery of the contracted goods, services or works to ensure the Council receives value for money and that quality and cost standards are met.

6.6 Performance Reporting

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

- Quality and cost standards (as required by the Best Value requirements in the Act);
- The proportion of expenditure against corporate contracts;
- User and supplier satisfaction levels;
- Level of compliance and understanding of Council procurement policies; and
- Measuring the success of procurement initiatives eg. procurement panels.

These criteria will be used as the basis for regular performance reports to Council.

6.7 Continuous Improvement

Council is committed to continuous improvement as part of its Business Excellence Program and will review the procurement policy on an annual basis, to ensure that it continues to meet the Corporate objectives.

Appropriate performance measures are to be established and reporting systems will be used to monitor performance and compliance with procurement policies, procedures and controls.

Procurement procedures, practices and costs will be benchmarked externally. Internal service standards will be agreed within the Council and performance against these targets will be measured and reviewed regularly to support continuous improvement. The performance measurements developed will be used to:

- Highlight trend and exceptions where necessary to enhance performance;
- Improve the internal efficiency of the procurement process and where relevant the performance of suppliers; and
- Facilitate relevant programs to drive improvement in procurement to eliminate waste and inefficiencies across key expenditure categories.

6.8 Procurement Strategy

The Council seeks to improve its performance by capturing and analyzing procurement management information in a variety of areas, including:

- Volume of spend;
- Number of transactions per supplier;
- Supplier performance;
- User satisfaction;
- Category management; and
- Green spend.

The Council will also use external sources of management information to assist with the procurement decision making process including:

- Benchmarking data;
- Information from professional bodies such as the Chartered Institute of Purchasing and Supply Australia; and
- Industry reports.

Council will establish a procurement strategy to support the Council Plan objectives and to ensure a strategic approach to purchasing and tendering.

This strategic approach will include:

- Detailed analysis of Council's spending patterns;
- Improving the nature and use of approved supplier lists and panels;
- Balancing acceptable levels of risk versus expected returns;
- Optimising the procurement process to reflect market conditions;
- strategic assessment of the, appropriate 'channel to market';
- Structuring continuous improvement into contractual relationships with suppliers;
- Aligning Council's requirements with supplier capacity;
- Supply market development; and
- Exploring alternative and innovative methods of procurement.

6.9 Policy Owner and Contact Details

The Director Corporate Services, Bayside City Council is the designated owner of this policy. For further information on the Policy please contact via email – spearsons@bayside.vic.gov.au or phone [03] 95994410.

Please note: This policy is current as at the date of approval. Refer to Council's website (www.bayside.vic.gov.au) or staff intranet to ensure this is the latest version.

7. Related documents

Policies	Council's Risk Management Policy Council's Delegations to CEO Staff Financial Delegations
Strategies	Council Plan
Procedures	Council's Purchasing & Tendering Procedures Council's Code of Conduct for Councillors and Officers

8. Definitions & Abbreviations

Term	Meaning
<i>Treatment of GST</i>	All monetary values stated in this policy include GST except, where specifically stated otherwise.
<i>Act</i>	Local Government Act 1989
<i>Commercial in Confidence</i>	Information that if released may prejudice the business dealings of a party eg. prices, discounts, rebates, profits, methodologies and process information, etc.
<i>Contract Management</i>	The process that ensures both parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular, to provide value for money.
<i>Council Staff</i>	Includes full time and part-time Council officers, and temporary employees, contractors and consultants while engaged by the Council.
<i>Expression of Interest</i>	A response to an open approach, usually by public advertisement, to the market requesting submissions from prospective suppliers interested in procurement. The list of potential suppliers who have provided expressions of interest may be used as the basis for conducting a select tender process.
<i>Probity</i>	A procurement process that conforms to the expected standards of probity is one in which clear procedures that are consistent with the Council's policies and legislation are established, understood and followed from the outset. These procedures need to consider the legitimate interests of suppliers and ensure that all potential suppliers are treated equitably.
<i>Procurement</i>	Procurement is the whole process of acquisition of 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.
<i>Standing Offer Agreement</i>	A contract that sets out rates for goods and services that are available for the term of the agreement. However, no commitment is made under the agreement to purchase a specified value or quantity of goods or services.
<i>Sustainability</i>	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
<i>Tender Process</i>	The process of inviting parties to submit a quotation or tender by public advertisement, followed by evaluation of submissions and selection of a successful bidder or tenderer.
<i>Value for Money</i>	Purchasing decisions will be made on the basis of value for money, rather than just the cheapest upfront purchase price. This includes consideration of both the full life-cycle and Total Cost of Ownership such as procurement price, operation costs, maintenance costs and the environmentally friendly disposal of the product at the end-of-life. Where products that are not environmentally preferred are chosen solely on the basis of cost, the reasons for not purchasing environmentally preferred products will be recorded.

