**Insert Council Logo Here**

**2025-2029**

Procurement Policy Template

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## Definitions and Abbreviations

|  |  |
| --- | --- |
| **Aggregate**  **Purchasing** | Is the strategic consolidation of procurement activities for identical or similar goods, services, or works across multiple departments, projects, or entities. This approach is intended to optimise Value for Money by leveraging combined purchasing power, improving contract outcomes, and reducing duplication of effort. |
| **Authorised Agent** | A person or organisation formally empowered to act on behalf of the Council in relation to procurement activities |
| **Best Practice** | As defined in the Local Government Best Practice Procurement Guidelines or any other document specified by Council. |
| **Collaborative Procurement** –  *also known as*  **Approved Purchasing Scheme** | Refers to a pre-established arrangement with a panel of suppliers or contractors, formed through a public tender process in accordance with the *Local Government Act 2020 (Vic*), associated regulations and relevant procurement thresholds.  These arrangements may be established by:   * Individual Councils; * A group of Councils or public bodies working collaboratively; or * Recognised external agents such as Procurement Australia, Municipal Association of Victoria or State Government Agencies.   Collaborative procurement Councils to procure goods, services, or works without undertaking a full tender process, provided the engagement complies with the scheme’s terms and conditions. |
| **Commercial in Confidence** | Information that, if released, may prejudice the business dealings or commercial interests of the Council or another party (e.g. prices, discounts, rebates, profits, methodologies, and process information etc.) |
| **Conflict of Interest** | Any general or material conflict as defined in sections 127–128 of the Act, where personal, professional or financial interests may, or may appear to, influence impartial decision-making. |
| **Contract Management** | The process that ensures all parties to a contract fully meet their respective obligations as efficiently and effectively as possible, to deliver the contract objectives and provide Value for Money. |
| **Contract Variation** | A Contract Variation refers to any modification made to the original terms and conditions of an executed contract. Variations may be financial or non-financial in nature and must be managed transparently, appropriately documented and assessed to ensure they do not undermine the principles of value for money, probity, equity, or open and fair competition. |
| **Contract Variation - Financial** | A variation that alters the contract’s monetary value. This includes:   * Increases or decreases in contract cost, * Whether within or exceeding approved contingencies, * Subject to approval in line with Council’s financial delegation limits and governance requirements |
| **Contract Variation - Non-Financial** | A variation that does not result in a financial adjustment but alters other contractual parameters, such as:   * Project timelines or milestones, * Scope, specifications or design details, * Working hours or access arrangements, * Location or quantity changes or * Any other aspect of the contract provided it doesn’t impact cost |
| **Council** | Means **[insert Council Name]** Council |
| **Council Officer** | Any Council employee, contractor or consultant authorised to act on behalf of the Council, including Councillors in their official capacity. |
| **Emergency** | A sudden or unexpected event requiring immediate action including the occurrence of a natural disaster, flooding or fire event at a Council property; the unforeseen cessation of trading of a core service provider; any other situation which is liable to constitute a risk to life or property. |
| **Local Supplier** | is defined as a commercial business that meets at least one of the following criteria:   * Maintains an operational premises that is physically located within the municipal boundaries of Council; **or** * Delivers, sources or undertakes the majority of their goods, services or works within the Council area; **or** * is located within **[insert surrounding regions or Local Government Areas]** where geographic proximity clearly contributes to local, economic, social or community outcomes |
| **Material breach** | Any breach of this policy that may also represent a breach of legislation such as procurement thresholds, fraud or corruption, and occupational health and safety. |
| **Panel Contract** | A panel contract (or standing offer arrangement) is a procurement method where a council selects multiple suppliers through a tender process for works, goods and services on a regular basis over a specified time. They allow Council staff to purchase from these panel suppliers without a public procurement process for each individual purchase.  Refer to the Rules of Use/ Buyers Guide for each panel contract or Council’s Procurement Manual, whichever is relevant. Panel contracts cannot be used to purchase works, goods or services that fall outside the scope of the original arrangement. Any other service outside of the original scope would need to be procured via a different procurement process. |
| **Probity** | Probity is the evidence of ethical behaviour, and can be defined as complete and confirmed integrity, uprightness, and honesty in a particular process.  Probity is a defensible process which can withstand internal and external scrutiny, which achieves both accountability and transparency, providing respondents with fair and equitable treatment. |
| **Procurement** | Refers to the end-to-end process of acquiring external goods, services, and works. It encompasses the entire lifecycle, from initial planning and concept development through to contract completion, asset disposal, or the conclusion of a service. Procurement also includes the organisational structures, governance, and compliance frameworks that support and guide procurement activities within the council operations. |
| **Procurement Manual** | is supporting documents to the Procurement Policy. It provides detailed procedures, guidance, tools, and templates to assist staff in implementing the Policy. It outlines the "how to" for undertaking procurement activities in a compliant, efficient, and consistent manner across the organisation. |
| **Purchase Order** | A form of contract, which is an official document used to authorise and record the purchase of goods or services or works by a buyer. It is the prime reference confirming the contractual situation between the buyer and supplier. A purchase order may be used in conjunction with an agreement for the supply of goods. services or works, or to instigate supply against an agreement. |
| **Total Contract Sum** | The potential total value of the contract including:   * costs for the full term of the contract, including any options for either party to extend the contract * applicable goods and services tax (GST) * anticipated contingency allowances or variations * all other known, anticipated and reasonably foreseeable costs. |

## Purpose

The purpose of this Policy is to guide Council’s procurement activities in a manner that promotes open and fair competition, ensures Value for Money, and upholds the principles of transparency, probity, and accountability. It supports ethical, efficient, and effective procurement practices that deliver value to the community and align with Council’s strategic objectives.

Council is required under sections 108 and 109 of the *Local Government Act 2020* (The Act) to prepare, adopt and comply with its procurement policy.

This Policy has been developed collaboratively by the Municipal Associated of Victoria (MAV) in partnership with a working group of procurement professionals across the Victorian Local Government Procurement Sector. It builds upon previous policies developed by both the Northern and Southern Regions group of Councils with the aim of supporting effective and consistent collaborative procurement practices aligned with legislative requirements.

While based on a shared template, this policy has been tailored to reflect the specific needs and context of **[insert Council Name]** and may differ slightly from policies adopted by other Council’s. It applies solely to procurement activities undertaken by **[insert Council Name]**.

## Council Policy and Applicability

This policy applies to all procurement activities undertaken by Council and is binding upon all Council Officers, Councillors, Contractors, Consultants and or third parties acting on behalf of Council to comply with the principles and framework set out in this policy.

In accordance with *The Act*, this Policy seeks to ensure open and fair competition and Value for Money whilst upholding the principles of transparency, probity and accountability.

Key terms used throughout this policy are defined in the Definitions section within this policy.

### Treatment of GST

* All monetary values stated in this policy Exclude GST unless specifically stated otherwise.

### Procurement during the Caretaker Period

In accordance with section 69 of *The Act*, Council must not make major procurement decisions during the caretaker period that could influence the outcome of an election or bind an incoming Council.

All procurement activities during the caretaker period must:

* Be assessed for political or commercial risk;
* Be clearly and appropriately documented; and
* Comply with all relevant probity principles and legislative requirements.

Further guidance will be provided by Council through caretaker period protocols and/or be referenced within Council’s procurement manual or guidelines.

## Guiding Principles

Council's procurement processes shall be based on the following principles, irrespective of the value and complexity of that procurement.

### Probity, Accountability and Transparency

Council is committed to upholding the highest standards of probity, accountability and transparency in all procurement activities, in line with The Act, and the Victorian Best Practice Procurement Guidelines (2024).

All Councillors, Council officers and authorised agents involved in procurement activities must act ethically, impartially and in public interest. They are individually accountable for their decisions and the outcomes of procurement processes undertaken on behalf of Council.

**All procurement activities must be conducted in a manner that:**

* Complies with The Act, this Procurement Policy, associated procurement manual or guidelines, relevant legislation and applicable standards.
* Demonstrates integrity, fairness, and transparency.
* Is defensible under internal and external scrutiny.
* Manages conflicts of interest and maintains public trust.
* Prevents and mitigates risks such as fraud, corruption or collusion.

Where procurement activities are carried out by authorised agents on Council’s behalf (e.g. external parties, consultants, contractors), they must comply with the same legal, ethical and procedural obligations as Council officers.

To support probity and accountability, Council will:

* Apply consistent and transparent processes that ensure fair and equitable treatment of all suppliers.
* Ensure procurement criteria and conditions are not changed after public release unless formally approved in line with policy or procedure.
* Require all participants involved in procurement activities to act in good faith, declare and manage conflicts of interest, and adhere to relevant codes of conduct and ethical standards.
* Prohibit the acceptance of any gifts, benefits or hospitality from current or prospective suppliers in accordance with Council’s Gifts, Benefit’s and Hospitality policy

#### Disclosure of Information

Commercial in Confidence information received by Council must not be disclosed and is to be stored in a secure location. Councillors and Council Staff must take all reasonable measures to maintain confidentiality of:

* Information submitted by suppliers in tenders, quotations or during tender negotiations; and
* Information that is marked confidential, or reasonably understood to be confidential due to its nature; and
* Any details related to current or proposed contracts, particularly where disclosure could compromise Council’s position or breach probity.

Discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubts on what is being offered by that supplier.

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

### Strategic Procurement

Council adopts a strategic approach to procurement to maximise value and efficiency.

**Each procurement activity will be planned with consideration of:**

* opportunities for aggregated purchasing across Council or with other entities through approved purchasing schemes.
* Collaborative or joint procurement arrangements.
* utilisation of existing internal and external supplier panels or contracts; and
* alternative contracting models that best support the delivery of outcomes.

Guidance materials and procurement planning templates are available to support council officers in applying these principles effectively throughout the procurement process.

### Value for Money and Quadruple Bottom Line

Council is committed to achieving Value for Money in all procurement decisions. This means selecting the option that offers the best overall outcome - not just the lowest price, but based on a balanced assessment of cost, quality, risk, sustainability and social impact over the entire lifecycle of the goods, services or works

Council’s approach to Value for Money includes integration of Quadruple Bottom Line (QBL) principles which means ensuring that economic, environmental, social, and ethical considerations are embedded into procurement planning and decisions wherever practical and proportionate.

**In applying the Value for Money principle, Council will:**

* **Consider Whole-of-Life Costs**, including planning, acquisition, operation, maintenance, and disposal.
* **Optimise Quality and Performance**, ensuring goods, services, and works are fit for purpose, durable, and supported by service warranties where appropriate.
* **Deliver Broader Community Benefits**, encouraging procurement outcomes that generate positive social, economic, and environmental impacts, including through support of local, social, Indigenous, and inclusive suppliers.
* **Champion Sustainable and Ethical Procurement**, engaging suppliers who demonstrate compliance with fair, ethical, and socially responsible labour practices, and who meet legislative and regulatory obligations, including workplace safety and modern slavery to employees.
* **Minimise Environmental Impact,** selecting products and services that reduce resource consumption, emissions, waste, and environmental degradation.
* **Support Innovation**, encouraging new solutions, technologies, or delivery models that improve outcomes or efficiencies.
* **Promote Fair Competition and Efficiency**, ensuring open, transparent procurement processes that support innovation and reduce duplication.
* **Enable Collaboration and Aggregation**: leveraging shared services, panel arrangements, and approved purchasing schemes where appropriate.

#### Quadruple Bottom Line (QBL) Principles

Council will, wherever appropriate, incorporate the following Quadruple Bottom Line considerations into its procurement planning and decision making:

**1.Economic**

* Support local suppliers (as defined in this policy’s definition), small to medium enterprises (SMEs), and regional businesses
* Create local jobs and stimulate economic development within the Council area and nominated surrounding regions
* Consider long-term value and cost-effectiveness, not just upfront price

**2. Environmental**

* Reduce waste, greenhouse gas emissions, and resource use
* Prioritise recycled, energy-efficient, or sustainably made goods and services
* Support the circular economy and climate resilience through environmentally responsible purchasing

**3. Social**

* Promote diversity, equity, and inclusion across supply chains
* Support Indigenous-owned businesses, disability enterprises, and certified social benefit suppliers
* Provide employment and training opportunities for disadvantaged or marginalised groups

**4. Ethical Governance**

* Work with suppliers who follow ethical practices including fair labour, safe workplaces and compliance with modern slavery laws
* Maintain transparency, integrity, and compliance in all procurement activities

Council will apply Quadruple Bottom Line (QBL) principles in a manner that is practical, proportionate, and aligned to the size, risk and complexity of each procurement activity. These considerations may be factored into planning, specification, evaluation, and contract management stages.

For operational guidance on how to apply Value for Money and Quadruple Bottom Line principles, including evaluation weightings and engagement strategies, refer to Council’s Procurement Manual.

### Risk Management

Procurement activities must be properly planned and executed to protect Council from risks including but not limited to; personal injury, property damage, financial loss, reputational harm, legal exposure, and disruption to the delivery of goods, services, or works.

**To minimise procurement-related risks and uphold best practice, Council implements the following risk mitigation strategies:**

* **Procurement Planning:** allowing sufficient time for procurement preparation, market engagement, and internal approvals to reduce the risk of rushed or non-compliant processes.
* **Standardised Contract Documentation:** using Council approved templates that include legally reviewed terms and conditions to ensure consistency and reduce contractual ambiguity.
* **Securities:** requiring appropriate security deposits such as bank guarantees to protect against supplier non-performance or contract default
* **Due diligence Checks:** undertaking financial and reference checks on new and existing suppliers, with periodic reviews as needed to ensure ongoing capability and compliance.
* **Subject Matter Expert input:** referring complex or technical specifications to qualified internal or external subject matter experts to ensure clarity, feasibility, and risk mitigation.
* **Contract Execution before Commencement:** ensuring that all contracts are fully executed and documented before any goods are delivered, services commenced, or payments issued.
* **Standards and Compliance:** incorporating relevant Australian Standards, legislative requirements, and industry best practices into specifications and contract terms.
* **Ongoing Contract Management:** requiring contract managers to actively monitor contractor performance, deliverables, and compliance throughout the contract term, with issues documented and addressed promptly.

These practices are consistent with the Local Government Best Practice Procurement Guidelines 2024, which emphasises proactive risk planning, transparency, and strong governance as essential to achieving Value for Money and ensuring public confidence in procurement outcomes.

## Council Policy

### Procurement Structure, Processes, Procedures and Systems

**Council maintains a procurement function responsible for:**

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

Council will maintain internal procurement control documents detailing the processes, procedures and systems related to procurement including maintaining details of tendered contracts.

### Procurement Methods

**The standard methods for procurement activities are:   
[amend below to suit Council’s methods in accordance with systems and process]**

* Purchase Order (preferred method)
* Purchase Card
* Request for Quotation (RFQ) process, followed by a Contract and or Purchase Order
* Request for Tender (RFT) process, followed by a Contract and or Purchase Order
* Approved Purchasing Schemes or Panel Contracts

**All procurement activities must**:

* Be supported by identified and available funding
* Be authorised in accordance with Council’s approved financial delegations and thresholds
* Involve more than one person with appropriate documentation and approvals to ensure transparency and accountability

All Requests for Tender (RFT), Expressions of Interest (EOI) **[‘and Requests for Quotation’ – delete if not applicable]** must be published on Council’s online tendering portal. RFT’s and EOI’s may also be advertised through additional channels such as state or local newspapers, industry publications, and web-based forums depending on the scale and audience of the procurement.

In accordance with the Local Government Act 2020, Council must publish details of awarded tenders that meet or exceed prescribed thresholds on its public website to ensure legislative compliance, transparency, and community awareness.

#### Expressions of Interest (EOI)

Expressions of Interest may be used where:

* Multiple suppliers are likely.
* Full tendering is burdensome, or procurement is complex.
* Vendor interest or capability is uncertain.
* Council seeks preliminary advice from the market.

#### Alternative Approaches Following an Unsuccessful Tender

If a public tender process concludes with no submissions received, Council may consider alternative procurement approaches, including:

* Reissuing the tender in its original form.
* Revising the scope or requirements and reissuing the tender.
* Inviting a limited number of suitable suppliers to submit proposals (Select Sourcing).
* Entering direct negotiations with a supplier (Sole Sourcing).

Any alternative procurement approach must be:

* Supported by documented market analysis and a clear rationale for the selected approach
* Demonstrated to achieve Value for Money, fairness, and probity, in line with The Act, this Policy, and best practice procurement principles

Where public tendered procurement is not pursued, only Council endorsed panels or approved purchasing schemes established through a compliant public tender process may be used as an alternative procurement method.

### Collaborative Procurement

In accordance with Section 108 (c) of *the Act*, Council will actively seek opportunities to collaborate with other councils and public bodies in the procurement of goods, services or works, where such collaboration can deliver economies of scale, improved value for money, or other strategic benefits.

Council officers must give due consideration to collaborative procurement opportunities as part of the planning phase for all procurement activities.

**Where a procurement recommendation is brought before the Council, the accompanying report must include:**

* An outline of any potential collaborative procurement opportunities identified, including the public bodies or councils involved; and
* A statement explaining why Council did, or did not, pursue the identified opportunities for collaboration in relation to that procurement process.

### Tender Evaluation

**Council is committed to ensuring a fair, consistent, and transparent approach to the evaluation of tenders. To uphold these principles:**

* Late tenders will not be accepted under any circumstances to ensure procedural fairness and integrity.
* Tender evaluation criteria and weightings will be documented and approved prior to issuing any tender to ensure transparency and consistency in assessment.
* An Evaluation Panel comprising appropriately qualified and briefed members will be established for each tender process. The panel will assess submissions objectively against the pre-determined criteria.
* Where beneficial, external representatives with relevant expertise may be included on the Evaluation Panel or engaged as advisors to enhance capability and ensure appropriate oversight.
* All panel members must complete a Conflict-of-Interest declaration before commencing any evaluation activities. Identified conflicts must be managed in accordance with Council’s policies and procedures.
* The evaluation process will be conducted in a manner that is robust, unbiased, and able to withstand internal and external scrutiny.
* A Probity Advisor should be engaged, and a Probity Plan developed for complex, high-value or high-risk procurements, particularly those exceeding **[$insert figure]** million.

#### Contract Negotiations and Best and Final Offer (BAFO) Process

To ensure the best value outcome for Council, contract negotiations may be conducted with one or more shortlisted tenderers, provided such negotiations remain consistent with the original scope, intent and probity principles of the tender process.

Council may also implement a shortlisting process as part of the evaluation. Where appropriate, shortlisted tenderers may be invited to submit a Best and Final Offer (BAFO) to allow Council to clarify, refine, or enhance proposals prior to final contract award.

Any negotiation or BAFO process will be conducted in a fair, transparent, and equitable manner, in line with The Act, relevant procurement best practice guidelines and Council’s procurement manual.

### Procurement Exemptions and Sole Sourcing

Council recognises that in defined and limited circumstances, procurement activities may be exempt from the standard requirements to seek tenders, quotations or expressions of interest.

Sole sourcing is the engagement of a single supplier without seeking competitive offers and is considered a procurement exemption under this policy. It is permitted only in exceptional circumstances where:

* The market is restricted (e.g. licensing software, intellectual property rights, regulatory exclusivity)
* Council has jointly developed or co-owns the relevant intellectual property
* There is an urgent public interest or emergency requiring immediate procurement
* A thorough market analysis has demonstrated no viable alternatives exist or that a prior public tender process was unsuccessful and Council proceeds to an alternative sourcing approach in accordance with Section 5.2.2

A number of defined procurement exemption justifications have been identified and are detailed in Section 8.4 of this policy. All exemptions must be:

* Endorsed in accordance with the Financial Delegations in Section 8.2.
* Justified and documented using the approved Exemption Justification form or process for monitoring, reporting and auditing purposes.

### Select Sourcing and Panel Arrangements

Council may, in specific circumstances, engage a limited number of suppliers without conducting a full public tendering process. This select sourcing approach is permitted under this Policy where it is appropriate to the procurement’s value, risk and complexity, and where one or more of the following conditions apply:

* Suppliers are pre-qualified under a panel contract, approved purchasing scheme or collaborative contract (e.g. MAV, Procurement Australia, State Purchase Contracts);
* The market is limited in capacity, expertise or geographical reach (e.g. niche categories or regional delivery constraints);
* An existing agreement provides clear rationale for continued engagement within defined parameters;
* The procurement risk, value, and complexity are proportionate to a streamlined sourcing approach, supported by a documented rationale;
* A previous public tender process was unsuccessful, and Council proceeds to a limited sourcing approach in accordance with Section 5.2.2

Where Council has established an internal panel or is accessing a collaborative panel contract or approved purchasing scheme, the following provisions apply:

* Council may approve alternate procurement thresholds and sourcing methodologies specific to the panel;
* These must be documented at the time of panel formation (e.g. Panel Award Report or relevant process per Procurement Manual), approval is sought by the appropriate Financial Delegate, and sourcing methodologies for the panel are documented;
* Once endorsed, these thresholds override the standard thresholds set out in Section 8.1 for all procurement conducted under the panel;
* All procurement activities must align with the panel’s scope, terms of use, use approved templates and processes in accordance with Council’s Procurement Manual

A procurement exemption may be required only where the procurement exceeds the panel’s approved scope or deviates from usage rules.

## Relevant Legislation Policy and Other Documents

Council’s procurement activities shall be undertaken to a high professional standard and in full compliance with the Local Government Act 2020 (Vic), associated regulations, and all applicable internal and external policies, procedures, and codes of conduct.

All Council procurement must also be consistent with Council’s broader policy framework and strategic plans. This policy has clear linkages to a range of legislation, standards, and strategic documents including: **[each Council to amend the following lists in accordance with what is applicable, particularly internal documents]**

**Legislation and Guidelines**

* [Local Government Act 2020 | legislation.vic.gov.au](https://www.legislation.vic.gov.au/as-made/acts/local-government-act-2020)
* [Local Government Best Practice Procurement Guidelines 2024](https://www.mav.asn.au/what-we-do/procurement/best-practice-procurement-guidelines)
* Relevant provisions of the [Competition and Consumer Act 2010 (Cth)](https://www.legislation.gov.au/C2004A00109/2011-01-01/text)
* [Charter of Human Rights and Responsibilities Act 2006 (Vic)](https://www.legislation.vic.gov.au/in-force/acts/charter-human-rights-and-responsibilities-act-2006/015)
* [Gender Equality Act 2020;](https://www.legislation.vic.gov.au/as-made/acts/gender-equality-act-2020)
* [Modern Slavery Act 2018 (Cth);](https://www.legislation.gov.au/C2018A00153/latest/text)
* [Occupational Health and Safety Act 2004;](https://www.legislation.vic.gov.au/in-force/acts/occupational-health-and-safety-act-2004/044)
* [Working with Children Act 2005](https://www.legislation.vic.gov.au/as-made/acts/working-children-act-2005) and [Working with Children Regulation 2016](https://www.legislation.vic.gov.au/as-made/statutory-rules/working-children-regulations-2016)
* [Freedom of Information Act 1982;](https://www.legislation.vic.gov.au/in-force/acts/freedom-information-act-1982/113)
* [Privacy and Data Protection Act 2014;](https://www.legislation.vic.gov.au/in-force/acts/privacy-and-data-protection-act-2014/032)
* [Public Records Act 1973;](https://www.legislation.vic.gov.au/in-force/acts/public-records-act-1973/043)
* [Building & Construction Industry Security of Payment Act 2002;](https://www.legislation.vic.gov.au/in-force/acts/building-and-construction-industry-security-payment-act-2002/013)
* [Local Government (Governance and Integrity) Regulations 2020](https://www.legislation.vic.gov.au/in-force/statutory-rules/local-government-governance-and-integrity-regulations-2020/001);
* [Local Government (Planning and Reporting) Regulations 2020](https://www.legislation.vic.gov.au/as-made/statutory-rules/local-government-planning-and-reporting-regulations-2020); and
* Other relevant Australian Standards or legislation.

**Internal Policies and Frameworks**

* Council Plan, Annual Budget and Long-Term Financial Plan
* Fraud and Corruption Policy
* Conflict of Interest Policy
* Climate Action Plan
* Environmentally Sustainable Design Policy (ESD)
* Sustainable Procurement Framework / Policy

## Procurement Monitoring, Reporting and Non-Compliance

Council is committed to transparency, accountability, and continuous improvement in all procurement activities.

**The Procurement Team is responsible for monitoring procurement performance and compliance with this policy. This includes oversight of**

* Procurement activities and trends
* Use of Procurement exemptions
* Alignment with procurement thresholds and financial delegations
* Documentation and record keeping practices

**Non-compliance Management:**

* Minor or administrative non-compliance will be addressed by relevant Council staff in leadership positions, with a focus on education and corrective action.
* Serious or repeated breaches, or matters involving probity, integrity, or public interest concerns, will be escalated to the **[insert relevant Council process – e.g. Audit and Risk Committee, Executive Leadership Team, Council]** and reported to Council where required.

Any breach of this Policy may be considered a breach of organisational policy and could result in disciplinary action. Breaches will be assessed in accordance with relevant internal policies and frameworks, including those governing:

* Staff and Councillor conduct
* Fraud and corruption prevention
* Ethical and accountable behaviour

**Ongoing Review and Reporting**

Detailed reporting and monitoring provisions, including documentation standards and escalation protocols, are provided in the appendices to this Policy and further supported by the Procurement Manual.

These processes will be reviewed periodically to ensure they remain aligned with legislative obligations and sector best practice.

This Policy will be reviewed at least once every four (4) years in accordance with the Local Government Act 2020 (Vic), or earlier if required.

|  |  |
| --- | --- |
| **Responsible Officer** |  |
| **Department** |  |
| **Approval Date** |  |
| **Approved by** |  |
| **Review Date** |  |
| **Version Number** |  |

**[Appendices – Guidance Notes next Section]**

*[The following appendices are designed as modular, plug and play tools that support the implementation of this policy specific to each Council. They provide pre-populated examples and tables which Councils may adapt to reflect their specific operational needs]*

*[They can be tailored by each Council based on its:*

* *Organisational structure and governance model*
* *Procurement maturity and Risk profile*
* *Systems, tools and resourcing*
* *Strategic priorities and community priorities]*

***Note: Councils should review and customise each appendix prior to adoption. Delete this guidance section upon finalisation.***

## APPENDICES

All policy requirements contained within these Appendices are only applicable to **[Insert Council Name]** and are to be reviewed and updated in line with internal governance and legislative obligations.

### Appendix 1 - Procurement Thresholds

|  |  |  |
| --- | --- | --- |
| **Estimated Contract Value**  **(Exc GST)** | **Minimum Procurement Requirement** | **Additional Guidance (Methodologies)** |
| $0 - $5,000 | One (1) verbal quote or written quote (preferred), to be obtained | Use standard purchase order or purchase card. Council Officers are encouraged to consider local or pre-approved suppliers where practical |
| $5,001 - $15,000 | Minimum one (1) written quote | Retain quotation evidence in the Records Management System and attach to the purchase order within the finance system |
| $15,001 - $50,000 | Minimum two (2) written quotes | At least one quote should be sought from a local supplier where available. Documentation to be retained in accordance with records and auditing requirements  SAMPLE |
| $50,001 - $300,000 | Minimum three (3) written quotes or Formal Request for Quotation (RFQ) | Quotes must be sought using an approved procurement platform (e.g. Vendor Panel). A local supplier must be included where possible and all documentation retained in accordance with records and auditing requirements |
| Over $300,000 | Public Tender required | A publicly advertised open tender process must be undertaken, unless procurement is conducted through an existing panel, collaborative arrangement, or exemption has been approved. |

**General principles**

* Thresholds refer to the total contract sum, including extension options and recurrent spend with the same supplier.
* Thresholds represent the minimum standards – Council officers may choose a more rigorous approach if it is in the best interests of Council
* Procurement transactions must not be split to circumvent the above thresholds.
* Where Council has established panels, alternate thresholds and methodologies may apply as approved at the time of panel formation.
* Where it is difficult to obtain sufficient quotations (e.g. due to limited suppliers or specialised work), an approved Procurement Exemption may be applied in accordance with Sections 5.5 and 8.4.

#### Purchase Order Requirement “No PO or Claim, No Payment” Policy

Council operates under a strict "No PO or Claim, No Payment" policy. A Council Purchase Order or correct claim must be created and provided to a supplier before commencement of any engagement for the supply of goods, services of works. Council will not be able to pay suppliers if they do not have a Purchase Order. This policy ensures financial control, transparency, and compliance with procurement and budgetary requirements.

### Appendix 2 – Financial Delegations

|  |  |  |
| --- | --- | --- |
| **Delegation Limit**  **(Exc GST)** | **Position Title** | **Procurement Activities / Additional Guidance & Conditions** |
| Up to $50,000 # | Coordinator /  Heads of / Superintendent | * Purchase Orders * Contract Variations: up to 5% of contract award amount (Maximum $25,000 \*cumulative), then escalate   All expenditure including contract variations must be within the approved budget |
| Up to $150,000 | Manager | * Purchase Orders * Procurement Exemptions   SAMPLE   * Contracts * Contract Variations: up to 10% of the contract award amount (Maximum $75,000 \*cumulative)   All expenditure including contract variations must be within the approved budget |
| Up to $300,000 | General Manager / Director and Chief Financial Officer | * Purchase Orders * Procurement Exemptions * Contracts * Contract Variations: up to 10% of the contract award amount (Maximum $100,000 – \*cumulative\*)   All expenditure including contract variations must be within the approved budget, otherwise escalate |
| Up to $1,000,000 | Chief Executive Officer | * Purchase Orders * Procurement Exemptions * Contracts * Contract Variations: up to 15% of the contract award amount (Maximum limit under delegation)   All expenditure including contract variations must be within the approved budget, otherwise escalate |
| Unlimited Authority | Elected Council | * Procurement Exemptions * Contracts * Contract Variations |

# excludes the approval of exemptions

\* cumulative means the total value of all contract variations against a contract

### Appendix 3 – Procurement Exemption Justifications

|  |  |
| --- | --- |
| Exemption Justification | Explanation |
| Genuine Emergency or Hardship | Allows a contract to be entered into where the CEO or an internally delegated officer, considers it necessary because of an emergency (e.g., to provide immediate response to a natural disaster, declared emergency, etc.) |
| Extension of contracts while Council is at market to ensure continuation of supply of goods, services and works | Allows the extension of an existing contract where the procurement activity to replace the contract has commenced (or is imminent) and where the establishment of an interim short-term arrangement with an alternative supplier would lead to Council achieving lesser value for money or an adverse effect on public interest |
| Professional Services unsuitable for tendering | Allows the procuring of the following engagements:  SAMPLE   * Legal services, Utilities, Purchase of Land |
| Novated Contract | Where the initial contract was entered into in compliance with the Act and due diligence has been undertaken in respect to the new party |
| Operating Leases | Where a lessor leases an asset (generally a vehicle or plant and equipment) to the Council and assumes the residual value risk of the vehicle |
| Information technology resellers and software developers | The expenditure related to purchases from information technology resellers and software developers (e.g. for renewal of software licences/upgrades, etc.) where there is a sole supplier who holds the intellectual property rights to the software |
| |  | | --- | | **Sole Sourcing** | | The engagement of a single supplier without seeking competitive offers, permitted only in defined and exceptional circumstances such as where: (a) the market is restricted (e.g. IP ownership, licensing, regulation); (b) no viable alternatives exist following a failed tender; (c) a joint IP arrangement exists; or (d) direct negotiation has been deemed necessary based on a documented market analysis.  Sole sourcing must be approved in line with Council’s Financial Delegations, fully documented, and demonstrate alignment with value for money, probity, and public interest. |
| Other specific Council exemptions | * Engagement of Traditional Owners where the primary purpose is to gather information relating to Aboriginal culturally sensitive issues, including land management considerations pursuant to the Aboriginal Heritage Act 2006 * Regional Waste and Recovery Group * Additional delivery of goods, services and works that are intended either as replacement parts, extensions or continuing services for existing equipment |

* Emergency events & post-emergency procurement activities should meet all requirements of the Disaster Recovery Funding Arrangements. In addition, the Value for Money principals will still be applicable.
* Where Council expenditure is funded from State or Federal Government grant monies the requirement to comply with Division 2 Section 108 of the Act remains unless there are grant conditions which provide alternative arrangements.
* Should the nature of the requirement and the characteristics of the market be such that it is considered a public tender process is not possible, an exemption as outlined in Section 108 3 (d) may be sought from Council.
* If a state of emergency/disaster/pandemic Event is in place within Victoria, this exemption can be approved by the Chief Executive Officer.

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### Appendix 4 - Procurement Performance Indicators [Optional Appendix]

Council will seek to improve its procurement performance by measuring, analysing, and reporting on procurement activity against the below key performance indicators (or other indicators as endorsed by the Executive Leadership Team). Performance will be monitored annually and used to inform procurement planning, capability development, and continuous improvement initiatives.

|  |  |
| --- | --- |
| **Category** | **Key Performance Indicators Examples** |
| **Procurement Performance and Efficiency**  These indicators measure the overall effectiveness, efficiency, and compliance of the procurement function. | * Extent of contracts delivered on time and on budget * Purchase Order Compliance - % of invoices without a purchase order * Procure to Pay Efficiency rates * % of spend under contract * Source-to-contract completion time * Value of savings and benefits achieved through procurement activities * Number of new collaborative procurement contracts established * Level of compliance with the Procurement Policy |
| **Local Economic Development**  These indicators track the extent to which Council is supporting local businesses and the regional economy. | * Number of local suppliers engaged through procurement processes * Proportion (%) of total procurement spend with local businesses * Increase in local supplier participation in tenders or quote requests * Average payment timeframe for local suppliers (Example % paid within XX days)   SAMPLE |
| **Social Procurement**  These indicators demonstrate Council’s contribution to social value creation through procurement. | * % of contracts awarded to social enterprises, Aboriginal businesses, or Australian Disability Enterprises * Number of employment opportunities, apprenticeships, or traineeships created via procurement contracts * Number of contracts requiring delivery of measurable social outcomes * Number of tenders that included social procurement criteria or weighting * Supplier reporting on social value outcomes and impact |
| **Sustainable Procurement**  These indicators measure environmentally responsible procurement practices aligned with Council’s sustainability goals. | * Annual spend on sustainable or environmentally preferred goods and services * % of RFQs/RFTs that include circular economy or reuse/repair criteria * Number of contracts that include take-back schemes or repair/refurbishment requirements * Number of suppliers certified to recognised environmental standards (e.g., ISO 14001, GECA, FSC) * Estimated reduction in waste, emissions, or resource use via procured goods/services * Number of contracts promoting reuse, repair, recycling, or low-impact solutions * % of suppliers using electric or low-emissions vehicles in contract delivery |

SAMPLE

SAMPLE