

3.1 PROCUREMENT POLICY 2018 UPDATE

Responsible Officer: Danny Wain, Chief Financial Officer

RECOMMENDATION

That Council adopts the updated Procurement Policy 2018 (attached), in accordance with s. 186A of the Local Government Act 1989 and places a copy on Council's web site, www.monash.vic.gov.au.

BACKGROUND

Section 186A of the *Local Government Act 1989* (the Act) requires a council to *review its procurement policy annually and make it available for public inspection.*

DISCUSSION

The Procurement Policy previously adopted by Council in 2016 largely reflects the model policy developed by the MAV in consultation with the Local Government sector and the document meets the requirements of the Act.

The Policy update also incorporated one recommendation from the recent Tendering Internal Audit report that was presented to Audit & Risk Committee Meeting on 19 June 2018.

A summary of the key updates follows:

Procurement Policy Statement	Refreshed to emphasise the intension to deliver Best Value Procurement outcomes for the community. Environmental sustainability section also embellished to provide more focus on recycled content supporting section 3.4.3 Sustainable Procurement.
Definitions and Abbreviations Table	Best Value Procurement, Emergency Circumstances and Group A & B have been added as newly defined terms to support this Policy and associated Procurement procedures.
2.1.4 Conflict of Interest	The definition has been updated to align with the definition of conflicts as defined by the Act.
2.3.2.1 Tenders	The wording that describes the need for tenders was corrected to better align with the Act and an extra section was added to clarify the legislative requirements for use of the Construction Supplier Register.
2.3.2.2 Quotations	This section was reformatted into a tabular format together with rewording to make it easier to understand.

2.3.2.3 Consultancy Engagement	Further clarity has been added to the definition.
2.4.2.2 Delegations Reserved for the Council	Reworded to align with the updated Sub Delegations Manual.
2.5 Internal Controls	Reworded to improve clarity.
2.7.7 Insurance and Indemnity Requirements	The minimum insurance requirements have been increased in line with current risk management expectations.
2.7.8 Evaluation Panel	The wording has been updated to remove ambiguity about the requirement for the Evaluation Panel to include Strategic Procurement for contracts equal to or exceeding \$150,000. This change was made as a result of a recommendation from the recent Tendering Internal Audit report that was presented to Audit & Risk Committee Meeting on 19 June 2018.
2.7.9 Probity Auditor and Legal Review Requirements	For contracts exceeding \$10,000,000 in value, a Legal review of tender documents and contracts has been added to enhance risk management.
2.7.10 Award of Contract	Reference to specific delegations has been removed and now refers directly to Councils Delegation Policy.
3.1 Integration with Strategic Plan	Reference to the Council Plan has been updated.
3.2.3 Cumulative Spend Threshold	Cumulative spend has been defined to better align with the spirit of the Act regarding reoccurring situations where cumulative spend is likely to occur.
3.4 Sustainability	In consultation with the Council's Sustainability department, this section has been redrafted to better align with Council's Sustainability Policy.

Following the adoption by Council of the revised Policy the updated version will also be placed on Council's Public Website. A copy of the Procurement Policy will also be available at the Civic Centre for public inspection in accordance with the legislative requirements.

POLICY IMPLICATIONS

Adoption by the Council of the Procurement Policy requires that an annual review of the policy be undertaken and that the Policy be placed on Council's Internet website, www.monash.vic.gov.au.

CONSULTATION

All Council Managers were invited to review the Policy and valuable feedback was received and considered during the review. This included significant discussion and input from the Sustainability Department. The draft Policy update was also reissued for final comments before it was finalised.

The Policy was also reviewed by the Audit and Risk Committee and a number of items were raised and addressed as per the following summary.

Item	Summary
Include reference to Council's Fraud and Corruption Controls Framework and the Gifts Policy.	Reference to Council's Fraud and Corruption Framework and Code of Conduct has been added to section 1.3 Purpose. Please note that the Gift Policy is covered with the Code of Conduct Policy.
Require explicit statement regarding no gifts to be accepted.	Covered under section 2.1.7, Gifts and Hospitality
Include statement that conflict of interest statement must be signed prior to evaluation.	Inserted under section 2.1.4 Conflict of Interest
Add statement about management of contract renewals.	Inserted under section 2.11 Contract Management
Add a statement about procurement cards	Use of credit cards is covered under 2.4.2 Delegation, to ensure that cards must be used within approved delegation levels.
Add statement to outline consequences of non-compliance and Code of Conduct.	Statement added to Procurement Policy Statement on page 4. Code of conduct is referenced in section 1.3 Purpose.
Add statement to reference ethical purchasing and risk management regarding slavery and trafficking.	The definition of Fair Trade in section 2.7.5 Corporate Social Responsibility has been expanded to include a requirement to comply with the Australian Government Fair Trades laws and the commitment to Fair Trade has been added to the evaluation criteria in section 2.7.4 Evaluation Requirements for Tenders and Quotations.
Policy should outline exceptions	Exemptions are mentioned under section 2.5 Internal Contracts.
Other items	A range of other matters raised by A&R Committee members were considered and the majority of suggestions were also implemented. The majority of

	changes related to consistency of terminology and further removal of ambiguity.
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FINANCIAL IMPLICATIONS

There are no financial implications with the adoption of the Procurement Policy.

CONCLUSION

That Council adopts the updated Procurement Policy (attached) in accordance with s.186A of the *Local Government Act 1989* and places a copy on the Council's web site www.monash.vic.gov.au