Mornington
Peninsula Shire

Procurement Policy

Council Policy

ECM ref 3116497

1. 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, Local Government Contracts 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 Mornington Peninsula Shire 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 Government Act 2020	Provides a framework for the establishment and operation of Councils.
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.
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.
Social Enterprise	A business that has a defined primary social, cultural or environmental purpose consistent with a public or community benefit, with a substantial portion of income from trade. It invests efforts and resources into purpose such that public/community benefit outweighs private benefit.
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, contract indexation, growth and variations all other known, anticipated and reasonably foreseeable costs.
Value for Money	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.

2. 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 Mornington Peninsula Shire Council and may differ slightly from policies adopted by other Council's. It applies solely to procurement activities undertaken by Mornington Peninsula Shire Council.

3. 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.

3.1 Treatment of GST

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

3.2 Procurement during 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.

4. Guiding Principles

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

4.1 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

4.1.1 Disclosure of Information

Commercial in Confidence information received by Council must not be disclosed at any time during the tender or post tender 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

4.2 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.

4.3 Value for Money and Quadruple Bottom

Council is committed to achieving Value for Money in all procurement decisions.

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.
- **Invest in a Circular Economy** by preferring products and services that include recycled and recyclable content and are designed to reduce waste to landfill and promote reuse and recycling.
- **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.

4.3.1 Quadruple Bottom Line (QBL) Principles

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

(a) 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

(b) 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

(c) 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

(d) 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.

4.4 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.

5. Council Policy

5.1 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.

5.2 Procurement Methods

The standard methods for procurement activities are:

- Purchase Card
- A quotation process (refer Appendix 1)
- A tender process, followed by contract
- 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 Public Tender (RFT), Request for Proposals (RFP) or Expressions of Interest (EOI) 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.

5.2.1 Expressions of Interest (EOI)

Expressions of Interest may be used where the following conditions exist:

- Multiple suppliers are likely.
- A two-step procurement approach is appropriate to refine or reduce the market before proceeding to a full tender - particularly where full tendering is burdensome or the procurement is complex.
- Vendor interest or capability is uncertain.
- Council seeks preliminary advice from the market.

5.2.2 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.

5.3 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.

5.4 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 in a tender evaluation plan 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 including but not limited to; the purchase of higher-value goods or

services where the requirements are broad and multifaceted, market competition is limited and the risk of financial, operational, or reputational consequences is substantial.

5.4.1 Contract Negotiations and Best Final Officer (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.

5.5 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 safety issue 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 Appendix 3 of this policy. All exemptions must be:

- Endorsed in accordance with the Financial Delegations in Appendix 2.
- Justified and documented using the approved **CEO Exemption approval memo** process for monitoring, reporting and auditing purposes.

5.6 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 Appendix 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

6. Relevant Legilsation 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:

Legislation and Guidelines

Local Government Act 2020 | legislation.vic.gov.au

Local Government Best Practice Procurement Guidelines 2024

Relevant provisions of the Competition and Consumer Act 2010 (Cth)

Charter of Human Rights and Responsibilities Act 2006 (Vic)

Gender Equality Act 2020;

Modern Slavery Act 2018 (Cth);

Occupational Health and Safety Act 2004;

Working with Children Act 2005 and Working with Children Regulation 2016

Freedom of Information Act 1982;

Privacy and Data Protection Act 2014;

Public Records Act 1973;

Building & Construction Industry Security of Payment Act 2002;

Local Government (Governance and Integrity) Regulations 2020;

Local Government (Planning and Reporting) Regulations 2020; and

Other relevant Australian Standards or legislation.

Internal Policies and Frameworks

Council Plan,

Annual Budget

Long-Term Financial Plan

Contract Management Framework

Fraud and Corruption Policy

Risk Management Framework and Policy

ESD Policy for Council Buildings and Civil Works

Procurement procedures and guidelines

Purchasing and accounts payable manuals

Public documents can be obtained on the MPSC website:

Strategies, Plans & Policies - Mornington Peninsula Shire

Annual Report & Budget - Mornington Peninsula Shire

7. Procurement Monitoring and Non-Compliance

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

The Contracts and Procurement Team is responsible for monitoring procurement performance to ensure the guiding principles and policy objectives are met and to provide ongoing education and guidance to all Council staff.

This includes oversight of:

- Procurement activities and trends
- Use of Procurement exemptions
- Alignment with procurement thresholds and financial delegations
- Contract Management Plans
- 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 reported by the CEO to the Audit and Risk Committee and Council.

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

8. Policy Sponsor

The Team Leader – Contracts & Procurement is responsible for overseeing the application and review of the Procurement policy.

9. Document Control

The Contracts and Procurement Business Unit will monitor procurement activity on an ongoing basis with respect to annual procurement activity and compliance with key internal controls. Council is committed to continuous improvement and will review the Policy in accordance with the requirements of the Act to ensure that it continues to meet its wider strategic objectives.

This Policy is subject to amendment at any time if required and is to be reviewed at least once every four (4) years in accordance with the Local Government Act 2020 (Vic).

Administrative changes and amendments to financial delegations may be approved by the Council Executive Management Team, provided the amendments do not exceed the Council to CEO delegations.

9.1 Document Version Table

Summarise the key changes made to the document to provide a quick understanding of the updates.

Version	Section	Revision Description	Date Revised	Approved by
2.0		Adopted by Council	2/12/2025	Council
2.1	All	Updated to Corporate Template	9/12/25	Governance

Administrative Updates

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Shire department, the change to an existing policy or document referred to in this policy, and minor updates to legislation and the like which does not have a material impact. However, any change or update which materially alters the document must be by Council

10. Appendices

All policy requirements contained within these Appendices are only applicable to Mornington Peninsula Shire Council and are to be reviewed and updated in line with internal governance and legislative obligations.

Appendices may be updated from time to time and approved by the Executive Management Team, any updates must not exceed the Council to Chief Executive Officer delegation.

10.1 Appendix 1 - Procurement Thresholds

Procurement Threshold (excluding GST)	Procurement Methodology
<$10,000	One verbal quotation, with notation made as to the date, supplier, contact name and scope. Purchases which are one off.
$10,001 - $50,000	Obtain at least one written quotation.
$50,001 - $100,000	At least three written quotations are to be invited from suppliers who are considered able to meet the requirements. Where only one quotation is received from those invited, Value for Money must be demonstrated. When seeking and/or evaluating quotes, preference will be applied to local suppliers and a minimum of one local supplier must be invited, depending on availability or local suppliers.
$100,001 - $500,000	Obtain a Contract Number. Undertake a formal Request for Quotation process by following the process within Council's eTendering Portal. Where only one quotation is received from those invited, Value for Money must be demonstrated. When seeking and/or evaluating quotes, preference will be applied to local suppliers and a minimum of one local supplier must be invited, depending on availability or local suppliers.
>$500,001	Obtain a Contract Number. A formal Request for Tender process must be undertaken by Councils Contracts and Procurement Team using Council's eTendering Portal.

General principles

- Thresholds refer to the total contract sum, including extension options and recurrent spend with the same supplier over a 12 month period.
- 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 8.3.

10.1.1 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.

10.2 Appendix 2 – Financial Delegations

Expenditure (Excluding GST)	Best price available (verbal quote)	1 written quote	3 written quotes	Public Tender	Accepted commitment method	Record keeping requirement	Delegation
Up to $10,000	✓	x	x	x	Verbal quote Purchase order required	Quote if obtained must be attached to purchase order	Coordinator
$10,001 to $50,000	x	✓	x	x	Purchase order and 1 written quote	Quote must be attached to purchase order	
$50,001 to $100,000	x	x	✓	x	Purchase order and 3 written quotes	Quotes must be attached to purchase order	Team Leader or Commercial Manager
$100,001 to $300,000	x	x	✓	✓	Purchase order and or Contract Claim order refer to Procurement Partner	Quotes must be attached to purchase order or contract	Head of
$300,001 to $500,000	x	x	✓	✓	Purchase order and or Contract Claim order refer to Procurement Partner	Quotes must be attached to purchase order or contract	Manager
$500,001 to $750,000	x	x	x	✓	Tender recommendation report, purchase order and/or Contract order refer to Procurement Partner	RFP/RFT documentation must be attached to purchase order or contract	Director or Chief of Staff and Financial Controller
	x	x	x	✓	Tender recommendation report, purchase order and/or Contract order	RFP/RFT documentation must be attached	

$750,001 to $1,000,000					refer to Procurement Partner	to purchase order or contract	CEO and Financial Controller
Over $1,000,000	x	x	x	✓	Council minutes including tender recommendation report, purchase order and or Contract order refer to Procurement Partner	Recommendation report attached to purchase order or contract	CEO and Financial Controller
Transaction limited by holders Corporate Credit Card up to the value of $20,000	✓	✓	x	x	Corporate Credit Card	Tax invoice and quotation attached to record in Flexipurchase	Team Leader up to $10,000 Manager up to $20,000
Extraordinary payments including but not limited to: Insurance, utilities, Superannuation, AusPost, Payroll and Payments to other government authorities	x	x	x	x	No Purchase order required	Supporting evidence / tax invoice for the purchase must be attached to the payment record	CEO and Financial Controller

Approved Budget: All expenditure requires an approved budget and purchase order or contract order to commit funds.

Expenditure over $100,000: All expenditure over $100,000 must be referred to the procurement partner, unless being undertaken via a panel arrangement, in this case the threshold noted in the panel contract applies.

Three written quotes: All expenditure over $50,000 must have three written quotes to achieve best value.

Self Approval: A staff member cannot approve their own expenses, in all instances approval must be obtained from their line manager inline with delegation levels as above.

Tender/ Contract approval outside of budget: Any contract awarded under delegation that exceeds the allocated budget up to the value of the Chief Executive Officer's financial delegation will be reported to Council on a quarterly basis and must not exceed the total approved budget for that program and should not impact upon the delivery of any other project or program.

10.3 Appendix 3 – Procurement Exemption Justifications

Exemption Justification	Explanation
Genuine Emergency or Hardship	Allows a contract to be entered into where the Council or CEO considers it necessary because of an emergency (e.g., to provide immediate response to a natural disaster, Victorian Government 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. Contract extensions applied during a procurement period should not exceed 12 months.
A contract made with, or a purchase from a contract made by another government entity, government-owned entity or other approved third party	This general exemption allows engagements with another government entity or government owned entity. For example, Federal, State or Local Government or an entity owned by the Federal, State or Local Government. Contracts and arrangements established by another government entity, local authority or local government group purchasing scheme, Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement Australasia (PA), Local Government Contracts Australia (LGCA).
Exemption from Public Tendering	Where the contract is entered into in accordance with arrangements approved by the Minister, where Council must demonstrate to the Minister for Local Government that it is not a viable option to undertake a public tender.
Professional Services unsuitable for tendering	Allows the procuring of the following engagements: Advisory Services involving sensitive information
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	Allows the Council to renew software licenses, maintenance and support, upgrade existing systems, or renew IT Infrastructure and Telecommunications agreements, (where a public tender was completed for the original contract) and there is only one supplier of the software, who holds the intellectual property rights to the software, or: • Transitioning to an alternative provider would require significant rework, such as reconfiguration of network architecture, changes to managed service arrangements, or operational downtime; and • A documented assessment demonstrates that the cost, risk, or operational impact of switching providers outweighs the benefits of a competitive process at this time.

Information Technology, Pilot, or Proof-of-Concept (PoC) Projects	Allows Council to test new or emerging technologies on a small scale before large scale rollout. Requires a documented scope, timeline, and a plan for post-trial evaluation.
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; (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.
Traditional Owners	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
Recycling Victoria	Situations where Recycling Victoria established under the Circular Economy (Waste Reduction and Recycling) Act 2021 has already conducted a public tender for and on behalf of its member councils.
Utility Network Providers	Situations where Council is required to engage the accredited contractor of the utility provider to undertake works, including but not limited to South East Water, Australian Gas Networks and United Energy
Other specific Council exemptions	Specific Council exemptions will be reviewed and updated as required.

- Spend breaches will be reported to the Council Executive Management Team on a quarterly basis as part of the Procurement Update and the Contracts and Procurement Business is to sign off on the variations to say they meet Value for Money principles.
- 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 is in place within Victoria, this exemption can be approved by the Chief Executive Officer.

10.4 Appendix 4 – Contract Variations and Over Expenditure

Variations under Contract:

Where a variation occurs, the delegation is not defined by the value of a single variation, but by the value of the whole contract including any contingency. An officer may vary a contract to the limit in the Council resolution up to the values noted in 8.2 Appendix 2 – Financial Delegations

Approved budget must be available for all variations.

Contract Over Expenditure:

A variation above the approved contract value is deemed a Contract over expenditure.

Any variation single or cumulative that exceeds $300,000 (excluding GST) or 20% of the original contract value is subject to a council resolution.

An officer may vary a contract to the limit of $300,000 (excluding GST) or 20% of the original contract value in consultation with the Contracts and Procurement unit and must demonstrate Value for Money.

Approved budget must be available for all contract over expenditure.

1.1 Appendix 5 - Procurement Performance Indicators

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.

A memorandum detailing actual performance against these indicators will be presented annually to Council's Audit & Risk Committee.

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 or contract claim – % 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
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
Social Procurement These indicators demonstrate Council's contribution to social value creation through procurement.	– Annual spend on Social 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 tenders that included social procurement criteria or weighting
Sustainable Procurement These indicators measure environmentally responsible procurement practices aligned with Council's sustainability goals.	– Annual spend on sustainable goods and services – % of RFQs/RFTs that include circular economy or reuse/repair criteria – Number of suppliers certified to recognised environmental standards (e.g., ISO 14001, GECA, FSC)