

## 1. Purpose

The purpose of this Policy is to:

- provide policy and guidance to Casey Cardinia Libraries (CCL) to ensure consistency and control over Procurement activities;
- demonstrate accountability to stakeholders;
- provide guidance on ethical behaviour in public sector purchasing;
- demonstrate the application of elements of best practice in purchasing; and
- increase the probability of obtaining the right outcome when purchasing goods and services.

## 2. Definitions

CCL	Casey-Cardinia Library Corporation trading as Casey Cardinia Libraries (CCL) being a legal entity under <i>Local Government Act 1989</i> .
Board Members	individuals holding office on the CCL Board.
Library Officers	the Chief Executive Officer and staff of CCL appointed by the Chief Executive Officer.

## 3. Scope

This Procurement Policy is made under Section 186a of the Local Government Act 1989.

The Policy applies to all contracting and procurement activities at CCL and is binding upon Board Members, Library Officers, temporary employees, contractors and consultants while engaged by CCL.

## 4. Context

All CCL's procurement activity is subject to the applicable:

- Legislative and regulatory provisions
- Promulgated guidelines (including Victorian Local Government Best Practice Procurement Guidelines 2013).

The key legislative requirements include:

- Section 186 of the Local Government Act (LGA) (Power to enter into Contracts)
- Section 186A of the LGA (Procurement Policy)
- Sections 208C of the LGA (Best Value Principles); and sections 77-80, and 95 (Conflict of Interest)
- Competition and Consumer Act 2010.

## 5. Policy

The following principles apply to all aspects of CCL's procurement.

### 5.1 Value for Money

All persons engaged in purchasing decisions must aim to obtain best value-for-money.

Value-for-money will take into account all of the relevant costs and benefits of each proposal throughout the entire procurement cycle. While cost will be a major consideration, goods, services and works will also be selected on the basis of the degree of compliance with specified quality standards.

CCL will enhance its value-for-money outcomes through the use of competitive process wherever possible.

CCL will seek to minimise the cost of procurement by:

- Ensuring that all procurement needs and outcomes are clearly defined
- Packaging works and services in a manner that encourages competition
- Measuring ongoing performance, savings and benefits by conducting buying and tendering process efficiently
- Ensuring contracts are managed effectively and efficiently.

### 5.2 Ethics and Probity

CCL's procurement activities shall be performed with integrity and in a manner able to withstand the closest scrutiny.

All persons engaged in CCL procurement must exercise the highest standards of probity and will:

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

### 5.3 Conflict of Interest

Board Members and members of staff (and all persons engaged in procurement on CCL's behalf) have an overriding responsibility to act impartially and with integrity, avoiding conflicts of interest (section 77 – 80, 95 LGA).

Board Members and Library Officers shall at all times avoid situations in which private interests conflict or might reasonable be perceived to conflict, or have potential to conflict with their CCL duties.

#### **5.4 Fair and Honest Dealing**

All prospective providers must be afforded an equal opportunity to tender or quote. Impartiality must be maintained throughout the procurement process.

The commercial interest of existing and potential providers must be protected. Confidentiality of information provided by existing and prospective providers must be maintained at all times. Confidentiality includes but is not limited to prices, discounts, rebates, profit and manufacturing and product information.

#### **5.5 Accountability and Transparency**

All persons engaged in procurement must be able to explain and provide evidence of the process followed in purchasing on behalf of CCL. The test of adequate accountability is that an independent third party must be able to clearly see that a process complying with this Policy has been followed and that the process is fair and reasonable.

A consistent approach will be undertaken in all procurement across CCL. Procurement activities will be conducted in a fair, honest and open manner, demonstrating the highest of integrity consistent with the public interest.

#### **5.6 Responsible Financial Management**

The principles of responsible financial management shall be applied to all procurement activities.

Accordingly, to give effect to this principle, the availability of existing funds within an approved budget, or source of funds shall be established prior to the commencement of any procurement action for the supply of goods, services or works.

*(Refer to other policies that interact with procurement – Procedure Manual – 3.02 Purchase Orders and 3.06 Use of CCL Credit Cards).*

Library Officers must not authorise the expenditure of funds in excess of their financial delegation.

#### **5.7 Gifts and Hospitality**

No Board Member or member of CCL staff shall, either directly or indirectly solicit or accept gifts or presents from any member of the public involved with any matter that is connected with the duties of the officer, or in which CCL is interested. Staff are referred to the CCL's Gifts and Hospitality Policy for details. *(Reference Procedure Manual – 5.27).*

Board Members and member of staff (and all persons engaged in procurement on CCL's behalf) must adhere to relevant CCL Policies and Procedures on Gifts and Hospitality.

#### **5.8 Procurement Thresholds and Competition**

Purchase of all goods and services with an estimated expenditure exceeding \$150,000 shall be undertaken by public tender as per the thresholds contained in the Local Government Act.

The thresholds must represent the estimated value of the whole of term of the contract i.e. the initial term plus the value of any options to extend the initial contract term, and are to be inclusive of GST.

As an alternative however purchases can be made through an approved purchasing scheme being either Strategic Purchasing or MAV Procurement provided that the particular scheme has been nominated by CCL to act on its behalf and CCL has been nominated in the purchasing scheme's tender documentation and a competitive tendering process has been undertaken.

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

## **5.9 Quotations, specification and tenders**

Purchases below the Local Government Act public tender thresholds shall be undertaken as follows:

- Purchase orders will be raised for all purchases over \$500
- Items with a value up to \$500 do not require more than one quotations
- Items with a value between \$501 and \$10,000 - Request for Quotation.  
At least two written quotations must be received. These quotations must be recorded.
- Items with a value between \$10,000 and \$150,000- Request for Quotation.  
A minimum of three written quotations must be recorded.
- All pricing is inclusive of GST.

As an alternative, procurement can be made through an annual supply contract, a service supplier contracted to CCL or through a Government approved agent under ministerial order.

The situation may arise where insufficient quotations can be obtained to satisfy the above requirements.

This may occasionally occur where there are few suppliers for the goods, services or works being sought or the work is highly specialised. In this case, the details of the contacted suppliers must be recorded or recommendation and an appropriate comment recorded and an exemption from procurement process be sought.

## **5.10 Internal Controls**

CCL will establish and maintain a framework of internal controls over procurement processes that will ensure:

- More than one CCL employee is involved in each transaction
- Transparency in the procurement process
- A clearly documented audit trail exists for procurement activities
- Appropriate authorisations are obtained and documented
- Systems are in place for appropriate monitoring and performance measurement
- Ensure contract and arrangement are managed effectively and efficiently.

All persons engaged in procurement activities must diligently apply all internal controls.

## **5.11 Risk Management**

CCL will manage all aspects of its procurement activities in such way that all risks, including occupation health and safety, are controlled to the standards required by law.

## **6. Sustainability**

CCL is committed to achieving environmental sustainability and ensuring it monitors and reports on:

- activities and programs that have an impact on or contribute to the environment
- supporting the principles of sustainable procurement within the context of purchasing on a value-for-money basis.

Value-for-money purchasing decisions made by CCL are made on the basis of whole-of-life cost and non-price factors impact of CCL procurement on environment.

## **7. Support of Local Business**

Casey Cardinia Libraries is committed to buying from local business where such purchases may be justified on value-for-money grounds.

## **8. Review**

The next annual review of this document is scheduled to be presented to the Board at the June 2018 Board meeting.

## **Attachment 1**

### **Delegations of Authority**

#### **Chief Executive Officer**

- Purchase orders to the value of \$149,999
- Contracts to the value of \$149,999
- Appointment to register of pre-qualified suppliers
- Approval of electronic payroll signoff
- Credit Card access (\$5,000)

#### **Finance Manager**

- Purchase orders to the value of \$75,000
- Contracts to the value of \$10,000 per year
- Life up to 5 years
- Approval of electronic payroll signoff
- Credit Card access (\$5,000)

#### **Customer Experience Manager**

- Purchase orders to the value of \$30,000 (Library materials)
- Purchase orders to the value of \$5,000 (Promotions/Marketing)
- Contracts to the value of \$10,000 per year
- Life up to 2 years
- Credit Card access (\$5,000)

#### **Community Programs &Engagement Coordinator**

- Purchase orders to the value of \$20,000 (Library materials)
- Purchase orders to the value of \$5,000 (Promotions/Marketing)
- Contracts to the value of \$10,000 per year
- Life up to 2 years

#### **Information Services & Technology Manager**

- Purchase orders to the value of \$50,000 (IT Hardware and Software)
- Contracts to the value of \$10,000 per year
- Life up to 2 years
- Credit Card access (\$5,000)

#### **Information Services Coordinator**

- Purchase orders to the value of \$20,000 (Databases, Hardware and Software)
- Contracts to the value of \$10,000 per year
- Life up to 2 years

#### **Operations Manager**

- Purchase orders to the value of \$10,000 (Training)
- Approval of electronic payroll signoff
- Credit Card access (\$5,000)

**All authority granted is to within allocated and approved budgets.**

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