

**ORDINARY MEETING OF COUNCIL  
9 NOVEMBER 2009**

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<b>5</b>	<b>PROCUREMENT POLICY</b>
<b>LOCATION/ADDRESS:</b>	<b>N/A</b>
<b>GENERAL MANAGER:</b>	<b>MARK BRADY, GENERAL MANAGER CORPORATE SERVICES</b>
<b>PREPARED BY:</b>	<b>WAYNE MOORE, CONTRACTS UNIT</b>
<b>FILE NO.:</b>	<b>34/01/41</b>
<b>ATTACHMENT:</b>	<b>PROCUREMENT POLICY</b>

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**1. EXECUTIVE SUMMARY**

- 1.1 The Local Government Act requires that all councils must adopt a Procurement Policy. The purpose of the report is for Council to consider and approve a draft Procurement Policy.

**2. RECOMMENDATION**

- 2.1 That Council adopts the Procurement Policy as attached.

**3. BACKGROUND AND CONTEXT**

- 3.2 In November 2008, amendments to the Local Government Act were passed including a new section 186a that requires every council to “prepare and approve a Procurement Policy”.
- 3.3 The adoption of the policy is required within a year of the commencement of that part of the Local Government Act, so the effective deadline for adopting a procurement policy is 19 November 2009.
- 3.4 The Act also requires the Council to review the Procurement Policy annually and make it available for public inspection.
- 3.5 The attached draft policy has been prepared using as a basis the Municipal Association of Victoria model procurement policy which was developed in 2009.
- 3.6 The Council has been implementing a range of changes and improvements to its procurement practices and regularly reports on these to the Audit Committee.

**3 CONSULTATION AND STAKEHOLDERS**

- 4.1 Key internal stakeholders have assisted in the development of the Procurement Policy.

**5. DISCUSSION**

**5.1 ALIGNMENT TO COUNCIL PLAN**

5.1.1 Strategic Direction 1.4 of the Council Plan 2009-2013 sets out that the Council is committed to responsibly managing community assets and resources now and into the future.

**5.2 POLICY IMPLICATIONS**

5.2.1 The adopted Procurement Policy will be publicly released in accordance with the Local Government Act.

5.2.2 The Council's register of delegations governs the approval process for procurement. The council delegates financial authority to the CEO, as per the council review of delegations resolved on 29 September 2009. The CEO authorises delegations to other officers. For information, below is a summarised extract from the Register of Delegations:

**Table 1 Financial Authority Limits**

<i>Limit of delegation</i>	<i>Authorised officer</i>
\$1,000,000	CEO (L1)
\$200,000	General Manager (L2)
\$50,000-\$100,000	Managers (the limit depends on the particular manager position)
\$10,000	Co-ordinators and other nominated staff (L4)
\$5,000	Team leaders and other nominated staff not including Levels 1-4

**Table 2 Power to enter into Contracts**

<i>Requirements</i>	<i>Limit of Delegation</i>	<i>Authorised Officer</i>
Power to award, enter and sign contracts where the price accepted is the lowest	\$1,000,000	CEO (L1)
	\$300,000	General Manager & CFO (L2)
	\$100,000	Manager (L3)
Power to award, enter and sign contracts where the accepted price is not the lowest	\$500,000	CEO (L1)
	\$200,000	General Manager & CFO (L2)
	\$75,000	Manager (L3)

**5.3 FINANCE / RESOURCE IMPLICATIONS**

- 5.4.1 The principles in the draft Procurement Policy underline the Council's commitment to using its resources wisely, and managing for the longer term.

**5.5 LEGAL & RISK IMPLICATIONS**

- 5.5.1 Adopting a Procurement Policy is a requirement of the Local Government Act.

**6. IMPLEMENTATION STRATEGY**

**6.1 TIMELINE**

- 6.1.1 In accordance with Section 186a of the Local Government Act, a procurement policy must be adopted by 19 November 2009.
- 6.1.2 The Policy must also be available on Council's internet site and a hard copy will be available to be viewed at the St Kilda Town Hall.

**7. OFFICER DIRECT OR INDIRECT INTEREST**

- 7.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.