

Best Practice
Procurement Guidelines
for Victorian Local Government
2024

MAV  PROCUREMENT
THE PROCUREMENT LEADERS FORUM

**THE NEW BEST PRACTICE
PROCUREMENT GUIDELINES**

ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

MAV wish to acknowledge the Traditional Owners of the land we are on today, the Wurundjeri Woi Wurrung peoples of the Eastern Kulin Nation, and pay our respects to their Elders past and present.

As an organisation representing all Victorian councils, on behalf of the MAV, we also wish to acknowledge the Traditional owners from across the state.

MAV Procurement established the Procurement Sector Reference Group (SRG) to lead the Best Practice Procurement Guidelines refresh project.

The aim of the guidelines was to address current local government procurement best practice and the requirements for procurement under sections 108 and 109 of the Victorian Local Government Act 2020.

PROJECT GROUP

Kelly Stevens - Bass Coast Shire Council

Georgina Riddington - Campaspe Shire Council

Samantha Rodriguez - Campaspe Shire Council

Fran Miller - Cardinia Shire Council

David Cecala - Darebin City Council

Paul Sherwood - Greater Bendigo City Council

Greg Painter - Greater Bendigo City Council

Marcus Daniel - Greater Shepparton City Council

Danielle Cox - Latrobe City Council

Molley Qi - Manningham City Council

Luke Crampton - Mitchell Shire Council

Jason Farrugia - Monash City Council

Julie Wiggins - Moonee Valley City Council

Marnie Benney - Stonnington City Council

Julia Cushing - Whitehorse City Council

Miranda Sommers - Wodonga City Council

Nicole Kennedy - Wyndham City Council

Tony Caccaviello - Yarriambiack Shire Council

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AGENDA

Policy and strategy
Sections 1-4

Collaboration
Section 5

Probity and accountability
Sections 6-7

Procurement cycle
Sections 8-14

Q&A



Nicole Kennedy

Wyndham City Council
Procurement Probity, Strategy &
Planning Lead

Nicole has over 20 years' experience working in the local government procurement sector. She brings her wealth of knowledge in procurement strategy and governance to her role at Wyndham City Council as a Procurement Probity, Strategy and Planning Lead.

Nicole is passionate about improving procurement practices to achieve positive outcomes for organisations and staff responsible for procurement activities.

Policy and Strategy Working Group

Samantha Rodriquez - Campaspe Shire Council

Danielle Cox - Latrobe City Council

Molley Qi - Manningham City Council

POLICY AND STRATEGY

Sections 1-4

Intent of the Act

- To provide councils with more flexibility when engaging suppliers.
- To encourage more financially sustainable outcomes.
- To remove unnecessary ministerial approvals and arbitrary powers, resulting in better relationships between state, local government and communities.

The Local Government Act 2020



[www.localgovernment.vic.gov.
au/council-governance/local-
government-act-2020](http://www.localgovernment.vic.gov.au/council-governance/local-government-act-2020)

POLICY AND STRATEGY

Sections 1-4

Policy

What has stayed the same

The fundamental procurement principles remain the same and should be applied and demonstrated for all procurement activities.

Core principles



Value for money



Risk management



Open and fair competition



Probity and transparency



Accountability



Sustainable and social procurement objectives

POLICY AND STRATEGY

Sections 1-4

Policy

What has changed

- Council can now set thresholds and define their own procurement policies and procedures.
- Compliance has now shifted from s186 and its compulsory thresholds to the individual procurement policy and its prescribed processes and procedures which are governed by the principles.
- Audit and risk committees must monitor the compliance of council policies and procedures.
- Emphasis on social and economic value.
- Collaborative procurement requirements.

POLICY AND STRATEGY

Sections 1-4

Strategy

Strategic procurement in council

- Organisational commitment to a coordinated and cooperative approach.
- Early involvement in the planning phase by the procurement function or team.
- Understanding product and service categories, the relative spend and the needs of the council functions being serviced.
- Continuous improvement and value for money in contract arrangements with suppliers.



COLLABORATION

Section 5

Component One

Collaboration Framework

- General principles
- Requirement for collaboration
- What is collaboration
- Policy provisions
- Strategy for collaboration
- Governance structure
- Procurement and contracting models
- Better practice in collaborative procurement

Component Two

Operational Collaborative Procurement

Procurement Cycle Collaborative Checklist

- ✓ Planning
- ✓ RFX preparation
- ✓ Evaluation
- ✓ Negotiation and contract award
- ✓ Contract and supplier management
- ✓ Performance review

COLLABORATION

Section 5

What is collaboration and policy provisions?

- Definitions of collaboration and collaborative procurement
- Benefits and challenges
- RPENs / SIG and SRGs
- The Act
- Policy provisions

Strategy for collaboration

- Minimum requirement – third party contracts assessment and plan
- Opportunity analysis program – council and regional
- Procurement activity plan



COLLABORATION

Section 5

Governance Structure

Core Components



Formal Agreement



Working Groups



Communication Program



Process Documentation

Governance Model

Lead Council

External Lead

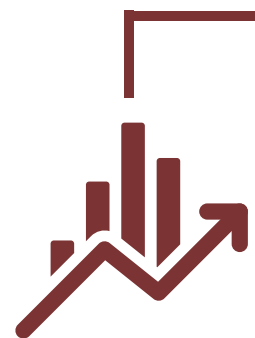
Third Party Agents

COLLABORATION

Section 5

Governance Structure

Procurement and Contracting Models



**Collaborative
Market
Engagement**

**Collaborative
RFX**

**Collaborative
Contract**

Associated legislations

- Australian Competition and Consumer Commission (ACCC)

Better practice in collaborative procurement

- Collaborative procurement checklists available at:
www.mav.asn.au/best-practice-procurement-guidelines



Marcus Daniel

Greater Shepparton City Council
Team Leader, Contracts & Procurement

Marcus has worked for Greater Shepparton City Council for over six years. He brings his extensive legal and governance knowledge to his role as a Team Leader for Contracts & Procurement at GSCC. He is also part of the Hume Regional Procurement Network Group with other north east regional council procurement leaders.

Marcus has been passionate about the guidelines project from the start and believes there are many other opportunities to leverage the wealth of knowledge within the local government procurement sector with the support of the MAV.

Probity and Accountability Cycle Working Group

Fran Miller - Cardinia Shire Council
David Cecala - Darebin City Council
Jason Farrugia - Monash City Council

PROBITY & ACCOUNTABILITY

Sections 6-7

Section Six - Probity

Section Seven- Accountability

Focus of review

- Current best industry practice
- Language and terminology
- Reflecting the values based approach to the Local Government Act 2020



Probity and accountability are universally fundamental to any procurement process

PROBITY & ACCOUNTABILITY

Section 6

Probity

- Probity is about ensuring the procedural integrity of the procurement process.
- Overarching principles of good governance, probity, fairness and impartiality.
- Consistent and transparent RFX processes
- Councils will have their own approach to market as stipulated by their policy



PROBITY & ACCOUNTABILITY

Section 6

Probity

Identification and management of conflicts of interest

Consideration of the new provisions in the Local Government Act - sections 126-131

This section is not exhaustive in relation to conflict of interests but provides relevant guidance and examples in the procurement context.



Probity plans - probity auditors (and/or advisors) - Guidance around when a probity plan is recommended (e.g. \$10 million) and the need for a probity advisor and final probity report.



Training in probity - provides some best practice training suggestions for key personnel on identifying conflicts of interest and probity principles. Ensuring the chair of an evaluation panel is adequately trained.

PROBITY & ACCOUNTABILITY

Section 7

Accountability

Reinforces the general principles in relation to accountability

- **Recommendation of key policies in support of accountability** – Fraud, Gifts and Hospitality, Purchasing cards.
- **Identifying the need for robust internal controls** – segregation and rotation of duties, following approved authorisation process, document controls both electronic and physical.
- **Internal audit** – whether in house or contracted in. Essential for assurance and value adding by identifying spend leakage, efficiency gains and improved reporting.





Paul Sherwood

Greater Bendigo City Council
Procurement Specialist

Paul has been at Greater Bendigo City Council since 2011 as a Procurement Specialist. The role is primarily focused on contract management and specific projects.

He has been working in procurement roles for over 40 years with experience across a diverse range of projects, organisations and sectors.

Paul is passionate about collaborative procurement, with the goal to achieve standardised and simplified documentation.

Procurement Cycle Working Group

Georgina Riddington - Campaspe Shire Council

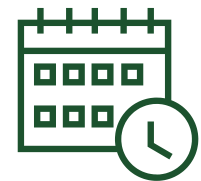
Julie Wiggins - Moonee Valley City Council

Marnie Benney - Stonnington City Council

Julia Cushing - Whitehorse City Council

PROCUREMENT CYCLE

Sections 8-14



Planning



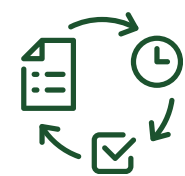
RFX preparation



Evaluation



Negotiation and contract award



Contract and supplier management



Performance review



PROCUREMENT CYCLE

Sections 8-14

Planning

- Procurement analytics
- Collaboration
- Risk mitigation

RFx preparation

- Developing robust RFx documentation including detailed specification

Evaluation

- Evaluation criteria - two stage process



PROCUREMENT CYCLE

Sections 8-14

Negotiation and contract award

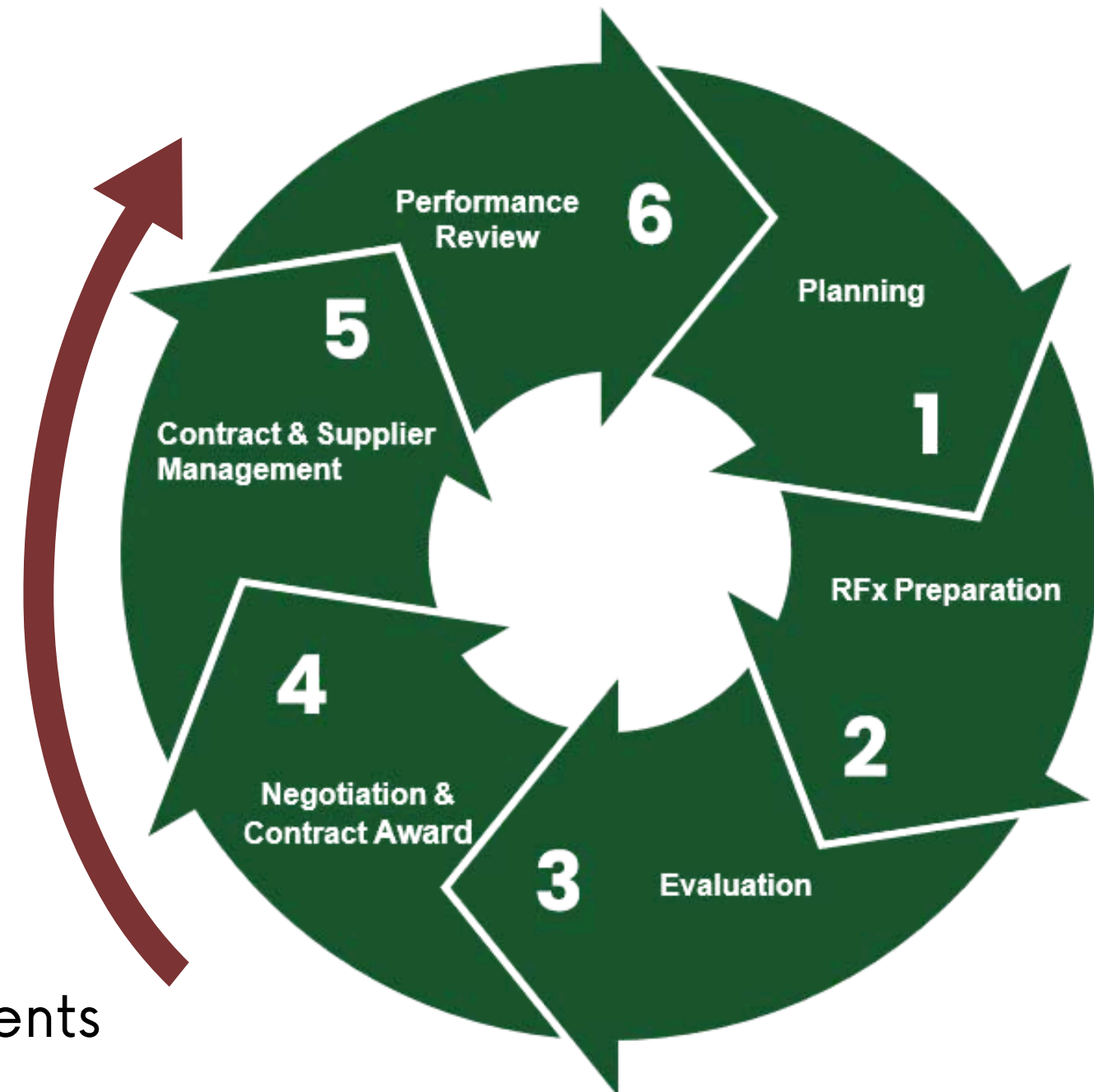
- Electronic contract execution

Contract and supplier management

- Contract classification
- Contract management manual
- Supplier relationships

Performance review

- Evaluating procurement outcomes
- Supplier performance
- Identifying and incorporating process improvements



Download the Guidelines and collaborative procurement checklists

www.mav.asn.au/what-we-do/procurement/best-practice-procurement-guidelines



Other engagement activities

Survey - MAV Procurement Sector Reference Group Projects 2024 - Council Procurement Policy Support

Survey - ICT Professional & Leasing Services (ES8111-2021) Panel Refresh

Survey and webinar - MAV Procurement New Statewide Roads Contract