



EXECUTIVE SUMMARY

PROCUREMENT

INTRODUCTION

Golden Plains Shire Council ('Council') received a report from the Local Government Inspectorate dated 28 February 2019 making a number of recommendations about Council's governance practices and processes. The review of Council's Procurement Policy, procedures and processes was part of this review. As a result of this review three (3) recommendations were made concerning the procurement function of Council.

Council has welcomed these recommendations and has provided its responses in relation to each recommendation. This document summarises:

1. the actions taken since 5 April 2019 in order to implement the recommendations;
2. the templates which have been developed; and
3. the actions which are underway.

ACTIONS TO IMPLEMENT THE RECOMMENDATIONS (5 April 2019 to 1 August 2019)

Recommendation 1 -

"Council, as a matter of priority, develop a strategy to address the issues identified in the management of procurement."

In order to have a compliant procurement and continuous improvement in the management of procurement, Council is in the process of developing a **Procurement and Contract Management Framework ('PCM Framework')** and to date the following actions have been taken:

1. **Policies –**
 - a. Council adopted the new **Procurement Policy** on 25 June 2019 in line with section 186A of the *Local Government Act 1989* (Vic) ('Act'). The Procurement Policy had a major review as a result of a full consultation with staff and support and approval of the Management before Council adoption. The new Procurement Policy introduces new opportunities for Council such as collaborative procurement, economic, environmental and social sustainability;
 - b. Council rescinded **Tender Display and Opening Policy** on 25 June 2019. Staff were consulted in this process and approval was sought from the Management before Council decision.
2. A comprehensive **presentation and workshop** about the development and implementation of the PCM Framework and educational training about procurement was provided to the:
 - a. Full Management Team on 1 May 2019;
 - b. Procurement Team and other key stakeholders on 21 May 2019; and
 - c. Leadership Team which includes the team leaders and co-ordinators on 21 June 2019.
3. **A survey monkey** was launched to all staff on 19 July 2019 in order to consult with them in the development of the PCM Framework;
4. Council developed a **Contract Register**;

5. A number of templates have been developed. **Attachment A** shows the list of the templates;
6. Comprehensive research was undertaken into the introduction of the **Contract Management software** to streamline the procedures and processes;
7. **Communication** – Council is advertising its public tenders on its website and this information is also advertised in Council’s internal newsletter which is called “In the Loop”. This newsletter is circulated to all staff and Councillors.
8. **Procurement and Contract Management Website** – A dedicated website both external and internal is being developed to enable a ‘one stop shop’ access for the community and for Council staff in relation to the procurement and contract management.

THE FOLLOWING ISSUES WERE ADDRESSED:

1. Documentation of processes

A review of the Policies and procedures is complete, some of them have been approved as stated above, and some of the documents are work in progress. This process includes using a new suite of templates.

2. Cumulative spend

Research into cumulative spend areas have been undertaken with the aim of ensuring the accuracy of the process to monitor cumulative spend to individual suppliers. As a result of this research Council:

- a. called for a Request for Quotation through MAV Procurement for the provision of purchase of bulk fuel and fuel tank services;
- b. have developed a Request for Tender for the provision of building maintenance. Council intends to call for a public tender in August 2019;
- c. have developed a Request for Tender for the provision of pest plant and animal control work and Council intends to call for a public tender in August 2019;
- d. other areas such as plumbing services, sports grounds maintenance services, catering services are in progress.

3. Execution of contracts

Any Contract that Council enters into either by way of Council resolution, or with the Chief Executive Officer’s approval within his delegation, are duly executed by both parties, Council and Contractor.

4. Accountability and Management

- a. Ongoing supervision and support is now provided to the Procurement Team to ensure compliance, continuous improvement and staff development;
- b. A governance framework has been put in place to ensure the major projects, the Construction of Golden Plains Community & Civic Centre and Bannockburn Heart Projects, are managed in the best interests of the community, in compliance with legal and policy requirements, and Council’s decision. This includes establishment of the Project Steering Group (‘PSG’) which meets weekly (refer to the TORs), timely reporting by the Project Manager to the PSG, Audit and Risk Committee and Council, ensuring all decisions are made in compliance with the law and Council Policy, and in the interests of the community and Council. This clearly demonstrates the strong commitment by the Management to the accountable and transparent way of conducting the business of Council.
- c. Staff and Management are working collaboratively to identify the priority tasks and are working together to address them.

5. Training

See Council's response under Recommendation 3 below. In addition, Council has allocated a budget to provide more formal and structured training to the Procurement Team which will support them in order to provide support to Council staff, and ensure clarity about their roles and responsibilities.

6. Reporting

Council's contracts will now be managed through a Contracts Register reporting. In addition, clause 16 of the new Procurement Policy requires Management to provide performance management and reporting to Council on procurement and contract management.

7. Collaboration

Where practical, Council collaborates with other Council/s in the procurement of goods, services or works. Below are recent examples of this collaboration:

1. **Joint Public Tender** for the provision of an electronic document records management system with Buloke Shire Council, Loddon Shire Council and Yarriambiack Shire Council. GPSC is in the process of evaluating the submission from a preferred Tenderer.
2. **Request for Quotation** with City of Ballarat for the provision of e-waste collection and processing services. This process is currently underway.

Intended date to complete actions under Recommendation 1 is 21 December 2019.

Recommendation 2 -

"Review systems and process relating to procurement to ensure they meet the requirements of the procurement policy, the Act and that the process is fair and transparent."

Since 28 February 2019, the date of the Report, Council has put an action in place to ensure that 8 issues which were identified in relation to this recommendation are addressed in the procurement of goods, services and works in compliance with the Act, the Procurement Policy and fundamental procurement principles which are value for money, probity, transparent and accountable processes, a fair and open competition environment, and mitigating the risks for the Council. **Attachment B** to this Report identifies the contracts that Council has entered into in compliance with section 186 of the Act and the Procurement Policy.

Recommendation 3 -

"Relevant training should be provided for procurement staff to ensure they are fully aware of their roles and responsibilities."

1. In-house refresher training with the E-Procure representative for the Procurement Team for the use and administration of the E-Procure portal took place on 6 May 2019.
2. An external specialist had one on one meeting with each Management Team member including the Chief Executive Officer, the Procurement Team members and the key internal stakeholders (10 May -24 May 2019).
3. Staff training about the implementation of the new Procurement Policy took place over 3 weeks after the Council's decision on 25 June 2019.
4. Ongoing support is given by the external specialist to the Procurement Team and other staff members.
5. Clause 27.1 of the new Procurement Policy now requires Council to provide training to the Procurement Team, the Management Team, and induction training to new employees.

Actions under Recommendations 2 and 3 will be on-going for continuous improvement.

ATTACHMENT A – NEW AND/OR REVISED TEMPLATES UP TO DATE

1. Formal Instrument of Agreement;
2. Governance Framework for major construction works;
3. Reporting Framework for major construction works for the Audit and Risk Committee and Council;
4. Terms of Reference for the Project Steering Group or Committee;
5. Educational guidance about the roles, functions and responsibilities of a Superintendent;
6. Exemption Procedure under the Procurement Policy which also includes a Request for Exemption Form and a simple guidance for staff members about the process;
7. Contracts Register;
8. Letter of Engagement – where Council acts as an agent for a group of Council's under section 186(5)(b) of the Act;
9. Letter of Engagement – where Council engages another Council to act as its agent – section 186(5)(b) of the Act;
10. Instrument of Appointment to the internal Committees or Working Groups;
11. Instrument of Appointment of Superintendent;
12. Instrument of Appointment of Superintendent – Advice to a Contractor;
13. Procurement File Closure Checklist;
14. Agenda and Minutes Templates for the Committee or Working Groups meetings;
15. Procurement Checklist for Record Management.

Note: Some of the documents are work in progress as Council is continuing revision and development of its procurement and contract templates. The documents in this Attachment A are the completed templates.



ATTACHMENT B – REQUEST FOR TENDERS

(26 FEBRUARY 2019 – 23 JULY 2019)

No	Contract Number	Contract Name	Contract Price (Exc of GST)	Date Awarded
1	GPSC- RFT- 21-2018	Construction of Golden Plains Community & Civic Centre	\$7,249,790.00	26 February 2019
2	GPSC-RFT-22-2018	Construction of Bannockburn Heart Project (Stage 1)	\$2,359,063.99	26 February 2019
3	GPSC-RFT-02-2019	Teesdale- Lethbridge Road- Road Widening Works	\$403,008.73	26 March 2019
4	GPSC-RFT – 03 - 2019	Wall Bridge Replacement – Teesdale	\$573,276.00	23 July 2019
5	GPSC- RFT- 11-2019	Construction of Victoria Park Recreation Reserve Sports Lighting –Oval 1 and Oval 2	\$439,840.00	23 July 2019
6	GPSC- RFT- 12-2019	Construction of Bannockburn Soccer Pitch No 2	\$416,312.20	23 July 2019