

1. PURPOSE

1.1. VPA is a Victorian government mandated agency and required to comply with the *Financial Management Act 1994* (VIC), Ministerial directions and instructions and the Victorian Government Purchasing Board (VGPB), its procurement policies and framework.

This Policy aligns VPA with:

- the goods and services supply policies administered by the Victorian Government Purchasing Board (VGPB) under Part 7A of the *Financial Management Act 1994* (VIC)
- Ministerial Directions and Instructions for procuring works and construction services for government building and infrastructure (see <https://www.buyingfor.vic.gov.au/construction-procurement-policies>).

Compliance with this policy ensures that VPA has an effective internal control framework over procurement of goods and services and that all procurement is authorised and documented within the Procurement Governance Framework. All staff involved in the procurement process must maintain an up-to-date knowledge of this policy and ensure that all purchases comply.

Providing suppliers with information about how we conduct procurement is part of VPA's commitment to working with our suppliers and providing fair and transparent access. This Policy, the Supplier code of conduct, the VPA Procurement Strategy, and the Supplier complaints management process is publicly available on the VPA Procurement website.

2. SCOPE

2.1. PROCUREMENT GOVERNANCE FRAMEWORK

A Procurement Governance Framework establishes processes, authorities, accountabilities, and relationships for the organisation to manage an efficient and effective procurement function. It operates at two levels:

- the structure, processes and roles that drive organisational performance, improve procurement practice, reduce risk, and promote value for money; and
- ensuring compliance with VGPB supply policies.

VPA will carry out procurement in accordance with 4 key principles: value for money, accountability, probity and scalability and risk. Employees participating in procurement activities must always follow probity values, avoid conflicts of interest, act with integrity, impartiality and adhere to the VPSC code of conduct.

2.2. VGPB SUPPLY POLICIES AND THE FINANCIAL REPORTING DIRECTIONS AND GUIDANCE

The VGPB sets the policies that govern procurement of non-construction goods and services across all Victorian Government departments and some public bodies. The VGPB Supply Policies provides a framework and guidance on ensuring there are appropriate governance arrangements, capability, and processes for procurement of assets, goods and services.

The Department of Treasury and Finance provides various guidance materials to assist Victorian public sector entities meeting their accounting and financial reporting obligations. The Standing Directions 2018 under the *Financial Management Act 1994* (VIC) (2018 Directions) set the standard for financial management by Victorian Government agencies. The associated Financial Reporting Directions aim to:

- prescribe the accounting treatment and disclosure of financial transactions in circumstances where there are choices in accounting treatment, or in the absence of guidance and/or requirements in existing accounting pronouncements; and
- achieve consistency and improved disclosure in financial reporting for Victorian public sector entities by eliminating and/or reducing divergence in accounting practices.

3. POLICY

3.1. Risk Management Framework

General consideration is to be given to understand the risks of undertaking procurement and its criticality. Identify procurement risks associated with a category of goods and services and the risk to the business. A Risk Management Plan (included as part of RFQ coversheet) must be developed for all purchases more than \$50,000 or for purchases considered complex. Risk assessment should include:

- the identification of risks associated with the project;
- assessment of the likelihood and magnitude of the risks;
- risk mitigation strategies;
- allocation of responsibility for managing risks.

The risk management plan should be updated regularly to include the effectiveness of risk mitigation activities. All risk identification, assessment and mitigation must comply with the VPA Risk Management Policy and Risk Management Procedures.

3.2. Social Procurement Framework (SPF)

VPA has a Social Procurement Strategy that outlines how it will use its procurement activities to maximise social value beyond the value of the goods or services being procured. Procurement undertaken by the VPA will take into consideration, and be consistent with, the social and environmental principles and desired outcomes as detailed in the SPF. As demonstration of this commitment VPA requires all RFQs to provide a minimum 5% weighting of responses and the social procurement objectives that our suppliers commit to.

3.3. Local Jobs First (LJF)

The *Local Jobs First Act 2003* (VIC) and the LJF policy supports Victorian businesses and workers by mandating that small medium enterprises are given a fair opportunity to compete for government contracts. VPA is to consider competitive local suppliers, including small and medium enterprises, when awarding contracts valued for any type of project with a value of:

- \$1 million or more in regional Victoria, or
- \$3 million or more in metropolitan Melbourne or for state-wide activities

3.4. Fair Jobs Code (FJC)

The FJC establishes five standards that suppliers contracting with the Victorian Government must meet in relation to secure employment, labour standards and compliance with related laws.

The FJC will apply when:

- suppliers bid for procurements worth \$3 million or more (ex GST)
- subcontractors deliver work worth \$10 million or more (ex GST) on procurements of \$20 million or more (ex GST)
- businesses apply for significant business expansion grants of \$500,000 or more (ex GST)

3.5. Construction

The Ministerial Directions and Instructions for Public Construction set out the framework for procuring works and construction services for government building and infrastructure projects in Victoria. All construction contracts must be conducted under Ministerial Directions and Instructions for Public Construction Procurement issued under the *Project Development and Construction Management Act 1994* (VIC). For more information refer to Department of Treasury and Finance [Public construction policy and resources website](#).

4. ROLES AND RESPONSIBILITIES

Board/Sole Commissioner	<ul style="list-style-type: none"> • Approve VPA Policy • Make determinations about staff delegations related to purchasing • Considers and grants approval for exemptions over \$300,000 • Considers and makes determinations on any material conflict of interest or declarations • Oversight of compliance with Federal and State Government requirements
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> • Overall responsibility for procurement within VPA • Authorises expenditure based on financial delegations • Considering and granting approval for exemptions between \$150,000 and \$300,000 • Quarterly reporting to the Board including any breaches of this policy, actions to rectify, and processes implemented to prevent recurrence • Annually certify in the Annual Report, that the VPA has complied with Standing Direction 4.2.1 and report relevant matters to the Minister for Finance as required
Chief Financial Officer (CFO)/Chief Procurement Officer	<ul style="list-style-type: none"> • Fulfils the role of Chief Procurement Officer under the VGPB Governance Policy • Ensures that appropriate procurement strategy, processes, and systems are in place • Reviews and grants approval for exemptions up to \$150,000 • Reviews and grants variations over \$10,000 • Validates that individual procurement decisions are consistent with policy and government guidelines, frameworks, and procurement principles • Ensures a complaint management process demonstrates due process and integrity • Approves acceptance of late quotations or tender submissions
Senior Procurement Advisor (SPA)	<ul style="list-style-type: none"> • Provides advice and guidance to the CFO, CEO and/or Board on procurement matters • Provides advice and support to Divisions on procurement policy and guidelines • Reviews all procurement activities to ensure compliance • Assess, and if necessary, implement plans to improve the capability of VPA to deliver procurement activities • Monitors VPA procurement activity to encourage and improve compliance with the policy and procedures • Develops VPAs Procurement Strategy with a procurement activity plan and market analysis, capability development plan, supplier engagement plan and contract management strategy • Identify categories and provide complexity assessment as required • Manages the complaint management process which demonstrates due process and integrity and is publicly available to suppliers • Review Exemption forms to ensure sufficient information to support the request • Conducts Procurement Training to new and current staff.
Executive Directors (ED), Directors & Managers	<ul style="list-style-type: none"> • Authorises expenditure based on financial delegations • Ensuring all suppliers' tax invoices are supported by purchase orders • Ensures that individual procurement decisions within their area are achieving value for money

SPC Category Managers	<ul style="list-style-type: none"> Develops procurement activity plans for their respective category Ensures that an appropriate procurement process is followed Manages key supplier relationships with suppliers in their respective category Ensures that their individual procurement decisions are achieving value for money including social, environmental and sustainability outcomes as defined in the SPF
VPA Panel (SEPC) Category Managers	<ul style="list-style-type: none"> Provides general advice to people utilising the VPA Panel (SEPC) Participates in the panel process

5. PROCUREMENT RULES

Goods and services may be procured by a variety of means. All employees participating in procurement activities must follow the mandatory procurement rules listed below and the supporting procedures set out VPA Procurement Procedures:

1. Plan and document the purchase and submit an action plan to appropriate financial delegate for approval. The Financial delegations and list of authorised officers are available on the [VPA's VEEP Policies and Templates/ Procurement site](#).
2. Use State Purchasing Contracts (SPCs) made available through VGPB, or Sole Entity Purchasing Contract (SEPCs), including following guidance issued by VGPB on purchasing of clothing, footwear, and personal protective equipment. If an SPC or SEPC is not appropriate as a method of engaging a supplier, apply for exemption, and contact Senior Procurement Advisor for advice on completing exemption form. Refer to 8.9 Exemptions from Market Engagements.
3. Apply probity in procurement – Employees participating in procurement activities are to manage conflicts of interest, act with integrity, impartiality and in accordance with the [VPSC Employee Code of Conduct with particular respect to Guidance for managers engaging contractors and consultants](#).
4. Follow quotation thresholds to ensure fairness of opportunity for suppliers. The quotation thresholds are in section 8.2 Market Engagement Quotation Thresholds, and updated on the VPA's [VEEP Policies and Templates/ Procurement Site](#).
5. Assess and select suppliers based on informed value for money, non-financial and financial criteria, which aligns with VPA's Procurement strategy, and organisation vision, and values.
6. Engage suppliers under appropriate contract documents and follow the required record keeping procedures of the procurement activities undertaken.
7. Proactively manage contracts, supplier performance and change events. Any variations to scope, pricing and contract length or amendments to terms and conditions must be managed in accordance with the terms and conditions of the contract. Variations, changes and amendments to the scope, pricing, contract length and/or terms and conditions of the contract must be approved applying total contract pricing thresholds and an amendment completed in the Finance System.

6. MANAGING CONFLICT OF INTEREST

When a conflict of interest has been ignored, concealed, improperly acted on, or has influenced actions or decision making, either inadvertently or deliberately, that conduct (not the conflict itself) could be seen as misconduct, abuse of office or even corruption. Any conflict of interest should be properly identified and declared, and effectively and transparently managed. Disclosing actual or potential conflicts is a continuous process because conflict situations may change over time.

All VPA staff, other workplace participants must:

- ensure they declare and manage any conflicts of interest. At all times VPA expects that the public interest is above any personal or private interest when participating in a procurement

- adhere to the VPSC code of conduct or the Supplier Code of Conduct
- in all procurements that exceed \$150,000 or where a procurement is considered complex, complete and sign a conflict of interest and confidentiality declaration or excuse themselves from any evaluation or selection activities
- purchases must be at 'arm's length' from the VPA Board, officers, and their families. Purchases must only relate to the business of the VPA and must not be of a personal nature
- conflicts that are identified must be reported to the Manager in charge of the procurement activity. The conflict and the process for managing it must be recorded in writing and be available if required at a later stage.

Conflicts of interest can be managed by:

- restricting or removing the person from further involvement in the matter
- engaging an independent third party to oversee all or part of the process and verify its integrity
- the person giving up the private interest that created the conflict
- the person resigning from their position with VPA – this should only be considered if the conflict of interest is unable to be resolved in any other workable way.

A consultant who provides advice to the VPA must disclose any circumstances that may create a conflict of interest. This includes undertaking work for landowners or developers in the relevant area, owning land in a private capacity in the relevant area, or any other circumstance that may be perceived as a conflict by an impartial fair-minded person. **Refer to 11.1. of this policy or the Conflict-of-Interest Policy – Staff**, for further guidance.

7. STAGES TO COMPLETE PROCUREMENT

The Project Manager and Contract Sponsor (Manager, Director or Executive Director) should begin the procurement process by conducting a Market scan and document a plan to source goods and/or services. The plan (part of the RFQ cover sheet) should make judgements about the procurement activity, its complexity, risk, expected value and determine the most appropriate communications and method to engage the market. The plan should describe the steps and requirements for all stages of the procurement. The Procurement Advisor should be engaged once a need for procurement has been identified at the start of the process.

Stages of Procurement

INITIATE	PLAN	EVALUATE	EXECUTE	MANAGE
<ul style="list-style-type: none"> • Ensure the right preparations occur and resources are in place to set the foundation for a successful procurement. 	<ul style="list-style-type: none"> • Develop the sourcing documentation and obtain the necessary approvals to release the sourcing documentation. 	<ul style="list-style-type: none"> • Engaging with the market to issue, receive and evaluate with the intent of finalising a shortlist for the procurement event. 	<ul style="list-style-type: none"> • Finalise the contract with the successful supplier(s) and notify all remaining suppliers of the outcome. 	<ul style="list-style-type: none"> • Plan and develop a strategy for the ongoing management of the contract over the life of the executed contract.

7.2 PROCUREMENT PLANNING

All expenditure must be approved by officers with appropriate financial delegations. The purpose must be for authorised purposes, and only incurred within available budget. As part of the approval steps the Procurement team will review all RFQs and Purchase Requisitions and the Finance Business Partners can review requisitions to ensure the appropriate budget and cost centre coding. Refer to the Financial Delegations Policy [D/22/467 - ITEM 10.2 Attachment 1 - Financial Delegations Policy - February 2022](#). A Proceed with RFQ Approval form must be completed before the RFQ is sent and a quote is received by the Supplier/s.

Initial written approval from the appropriate financial delegate is required prior to undertaking a procurement process valued at \$10,000 + (GST Inc.). Approval may be granted via the Request for Quote (RFQ) cover sheet (TEM/15/4), or by email. Suppliers must not be

engaged to commence any services or supply any goods without first being issued with a valid Purchase Order. Invoices issued by Suppliers must have a valid Purchase Order reference number referenced or it will not be paid. Where no Purchase order can be issued the CFO may make an exception in approved circumstances i.e., payments for utilities. Only VPA Officers assigned with financial delegation are permitted to sign and approve contracts within their delegation.

7.3 EVALUATION CRITERIA

The supplier response/s will be evaluated against the selection criteria and suggested weightings thresholds for each criteria are listed below. Project Managers are required to provide the weightings for each criteria in the Request for Quotation documentation prior to it being released to suppliers. Project Managers are required to publish the set evaluation criteria in the Request for Quote documentation and in the evaluation matrix before the evaluation team conducts the tender evaluation process. Where only one quote has been received an evaluation must still be completed if it's a technical study or report.

The evaluation criteria weightings are on a floating scale.

Evaluation Criteria	Scale %
Response to Brief/Methodology	30-50
Capability/Experience	20-30
Capacity/Performance	15-25
Price	10-20
Social, Environmental and Sustainability Outcomes	5-10

The determined evaluation criteria must add up to 100%

7.3 Powers of Financial Delegates to Approve Expenditure

All purchases must be approved by the appropriate financial delegate as per the Financial Delegations Policy. The financial delegate is responsible for ensuring that:

- procurement has been undertaken in accordance with this policy
- all expenditure is in accordance with their financial delegations; and
- sufficient funds exist for the purchase in accordance with the approved budget.

7.4 Disposal of Assets

Any procurement that results in the acquisition of an asset will require the asset to be added to the asset register. An Asset Plan will record the management of the asset throughout its economic useful life. Planning for asset disposal should start well before the end of the useful life of the asset, particularly for high-value and/or high-risk assets. The decision to dispose of an asset is to be based on a thorough examination and economic appraisal of the asset and consider service delivery needs, corporate objectives, financial and budgetary constraints, along with the Government's overall resource allocation objectives. All disposal requirements are to be followed and the method for disposal approved by the CFO.

8. MARKET APPROACH

8.2 Sole Source Negotiation

For the acquisition of goods and services that are a minor value (less than \$50,000) and low risk, it is acceptable to conduct a market review, obtain a single quote and request approval from the financial delegate. In some instances, especially where the payment is a one-off, the use of the Corporate Purchasing Card may be appropriate. Refer to the Purchasing Card Policy. Any payments greater than \$2,500 should be processed using the standard Purchasing Process.

8.3 Limited tender – Selective tendering

The Selective process enables the procurement to be open to a minimum 3 suppliers known to be suitable for the contract and is not required to be publicly advertised. This approach is mandatory where the value of the procurement is likely to be complex or the value greater than \$50,000 and less than \$500,000.

It may include the following forms:

- Request for Quotation (RFQ) – an invitation to selected suppliers to make an offer to supply goods or services generally used for low value purchases.
- Request for Proposal (RFP) – an invitation to selected suppliers to put forward a proposal. Generally used when the goods or services are defined but the methodology is not.
- Request for Information (RFX) – used to gather further information to determine the availability of goods or services.
- Direct offer – an offer made directly to one supplier based on a response to a request for quotation or proposal.
- More complex procurements to use the Buying for Victoria Tenders Portal

8.4 Open Tender

An Open Tender involves a one-stage (i.e., Request for Tender), or multi-stage (e.g., an Expression of Interest followed by a Request for Tender), open approach to the market. This approach is mandatory where the procurement is likely to be complex, high risk and/ or the value is greater than \$500,000.

The tender is publicly advertised and may include the following forms:

- Expression of Interest (EOI) – an invitation to express interest in providing goods or services. Responses are evaluated and short-listed, and providers may be asked to respond to a request for tender. Used to get an indication of the strength of a potential market and to identify potential suppliers
- Pre-qualification Questionnaire (PQQ) - list of questions a contractor is required to answer when applying for a contract
- Request for Tender (RFT) - a publicly advertised method of seeking offers from suppliers based on a written specification of the required goods or services

8.5 VPA Panel - Sole Entity (Multiple) Purchasing Contracts (SEPC)/ Deeds of Standing Offers (DoSO)

A SEPC creates a panel arrangement whereby specific suppliers may supply goods or services. VPA establishes Panels by entering SEPC's or DoSO agreements. Each supplier on the panel is required to set out:

- the type of good or services the supplier will provide
- the set/indicative price for the goods or services; and
- the way the agency will obtain the property or services from the supplier, including any process for competition between panel members, where appropriate
- the mechanisms in place to ensure social, environmental and sustainability outcomes.

A panel contract is designed to streamline procurement activities. It enables VPA to make the most of economies of scale when buying from the marketplace and reduce many risks by accessing pre-negotiated contract terms and conditions. The VPA prefers to source

consultants using the appointed panel members. The Panel Members are appointed through a publicly advertised nomination process for an initial period of three years to five years and two plus 1 year options to extend at VPA's discretion. The use of the VPA Panel should be reviewed annually by the CFO to ensure it is meeting the VPA's procurement needs. If it is found that the Panel seems to have gaps in the areas of expertise required by the VPA the CFO may initiate a refresh at their discretion.

The Chief Procurement Officer has the option to initiate a refresh and conduct a Request for Tender process inviting new suppliers to submit a proposal to join a Category Panel/s. If a current incumbent supplier is deemed to have provided satisfactory work to VPA the CPO has the option to rollover the Supplier to the new Panel.

8.6 State Purchase Contracts (SPCs) and Aggregated Purchasing Arrangements

State Purchase Contracts (SPCs) combine demand for commonly used goods and services. This enables Government to make the most of economies of scale when buying from the marketplace. Aggregating demand allows for a strong purchasing position to negotiate better value and terms and conditions. It also reduces the risk and administrative burden on buyers and suppliers. Whole of government arrangements should be utilised wherever possible. Contact the Category Manager or the Senior Procurement Adviser for assistance in requesting orders using these agreements. A list of the SPCs and SEPCs and the contract documentation is available on the VPA Policy and Templates/ Procurement site. Any procurement that is outside of the mandatory aggregated contracts will be reported as a non-compliance unless an exemption has been approved by the Lead Agency SPC Category Manager. Non-compliant purchases places VPA in default of the exclusive agreement arrangement.

Approval from SPC Category Manager

There are Category Managers appointed to manage procurement contracts and ensure adherence to the terms and consistency across VPA. The Category Manager is charged with managing the aggregated contracts and oversight of the procurement of goods and services within their category. Category Managers must advise any Procurement plan/ RFQ to ensure it is compliant with the procurement process. VPA has already joined several panels, and some will become mandatory 31/12/2023. Below is a list of Category Areas and responsible Contract Manager/s.

Category Area	Position Category Manager	Owner	Victorian Government Contracts/ Registers that apply	Mandatory as of 31/12/2023
Telecommunications & IT services and hardware	Corp. Gov. & Information Manager	DPC	VTS and the eRegister. Refer to Vendor Panel site	Mandatory 31/12/2023
Professional Advisory Services	CFO	DTF	PAS register. Refer to Vendor Panel site.	Mandatory 31/12/2023
Legal Services	CFO	VGSO	Legal Services Panel	Joined
Banking and Financial Services	CFO	DTF	Banking and Financial Services Panel	Joined
Valuations	CFO	VGV	Valuation Services Panel List property valuers maintained by the Valuer-General of Victoria (VGV)	Joined
Vehicles and Fuel	Manager Finance	DTF	The VICFleet leasing and Acquisition of vehicles and Fuel SPC	Joined
Human Resources	Manager, HR	DTF	Staffing Services Panel	Joined
Marketing, Advertising and Communications	Manager, External Relations	DTF	MAMS SPC and Marketing Services Register refer to Vendor Panel site	Joined

Printing	Manager, External Relations	DTF	All printing should use the market quoting system Finsbury Green	Joined
Geospatial Data and Analytics (GDA)	Manager, SAV	DPC	Geospatial Data and Analytics Panel procure geospatial imagery, elevation and analytical products and services.	Mandatory 31/12/2023
Stationery	Manager Exec. Services	DTF	Stationery and Workplace Consumables	Joined
Travel	Manager Exec. Services	DTF	Travel Management Services (TMS)	Mandatory 31/12/2023

8.7 Construction Supplier Register

Public Construction will be treated separately to the procurement of other goods and services. When procurement is being conducted for any matter relating to the construction, maintenance, rehabilitation, alteration, extension, or demolition of any improvements on land by, or on behalf of, departments or public bodies, all contracts must be conducted under Ministerial Directions 1 and 2 of the *Project Development and Construction Act 1994* (VIC). For further information Refer to Department of Treasury and Finance (DTF) Public construction website www.dtf.vic.gov.au/Infrastructure-Delivery/Public-construction-policy-and-resources.

9. ASSESSING CAPABILITY AND COMPLEXITY

Formal training and exposure to procurement activities, as well as participating in procurement, creating teams can contribute to an increase in VPA's procurement and contract management capability. Staff should be provided with opportunities in the workplace to apply what they learn. By ensuring that the procurement complexity is first assessed, VPA Managers can ensure that the appropriate resources are dedicated to the procurement activity. This is a key element of the Authorisation of Expenditure process.

9.1 Splitting Contracts to Meet Thresholds Not Permitted

A procurement process must not be split into parts or separate transactions simply to achieve a lower threshold. Splitting contracts to avoid the need for a certain number of quotes or a tender process, or to keep purchases within a particular financial delegation, are considered fraudulent procurement behaviour. The following table "Market Engagement Quotation Thresholds" outlines the procurement process to be followed for different types of purchases. The value of any procurement is the estimated total cost of acquisition (GST Inc.) and includes all associated costs with completing the procurement. The Senior Procurement Adviser is to monitor tenders, and contracts, to detect contract splitting and ensure that variations are approved by appropriate financial delegates.

9.2 Market Engagement Quotation Thresholds

Goods and Services

- All purchases must comply with value and complexity thresholds in the table below. These apply to all procurement of goods and services including legal services.
- Procurement that is deemed high risk or complex will be required to undertake a more formal competitive market approach and undertake a rigorous approval process. If unsure about the classification, please contact the Senior Procurement Advisor for assistance.
- When using an SPC – category manager approval is required

Value Thresholds \$(GST Inc.)	Quote Requirement*	Documents	Simple or Complex
Less than \$50,000	<ul style="list-style-type: none"> ▪ check if is part of a panel/ SPC category ▪ minimum 1 written quote ▪ issue RFQ for consultancies ▪ more than 1 quote is recommended 	<ul style="list-style-type: none"> ▪ Approval to proceed with procurement (as determined) ▪ Written quote 	Transactions with a low value are generally considered simple. If it is a panel category using a panel supplier and process will apply.
Between \$50,000 - \$150,000	<ul style="list-style-type: none"> ▪ Competitive Market/ Limited ▪ check if is part of a panel/ SPC category ▪ RFQ to be referred to at least 3 suppliers to obtain quotes 	<ul style="list-style-type: none"> ▪ RFQ Cover Sheet ▪ RFQ Parts A and B ▪ Evaluation of Quotations Matrix/ Report 	Increasing value is an indication that the complexity and risk of the engagement is increasing. Develop a formal market approach and request support from Procurement. If it is a panel category using a panel supplier and process will apply.
More than \$150,000 - \$150,000	<ul style="list-style-type: none"> ▪ Limited Tender or RFQ from at least 5 Suppliers/ Panel Members ▪ Consider issuing an EOI to review Market before drafting tender ▪ Consider need for Probity (may be internal or external) 	<ul style="list-style-type: none"> ▪ Tender Conduct Plan approval CFO ▪ basis for selection of suppliers (unless sent to all panel members) ▪ RFQ Parts A and B ▪ Evaluation of quotations matrix report 	<p>When a procurement value may exceed \$150,000 the procurement will require an open or selective market engagement using the approved tender platform.</p> <p>If using an aggregated contract, Follow the SPC/ Panel arrangement and obtain CEO approval.</p>
More than \$500,000	<ul style="list-style-type: none"> ▪ Open Tender ▪ Use the buying for Victoria tender's portal site to publish and manage the tender process ▪ Engage Probity to support the procurement process ▪ Report progress to CEO and Board/Sole Commissioner 	<ul style="list-style-type: none"> ▪ Tender Conduct Plan approval from CFO and CEO ▪ Request for Tender ▪ Part A Invitation ▪ Part B Conditions of Participation ▪ Part C Proposed Contract ▪ Part D Offer ▪ Evaluation of Quotations Report 	CEO to approve tenders less than <\$750k VPA Board/Sole Commissioner for all other approvals
	For Construction Services Register follow the Construction Framework and thresholds refer to Construction toolkit		

9.3 Construction Thresholds

Construction thresholds are established by Ministerial Directions and the Instructions for Public Construction Procurement. These can require additional checks, reporting and clauses. This may impact the RFQ and Contract documentation. Refer to the Buying for Victoria [Thresholds in Construction Procurement](#). It sets out the substantive provision of the relevant Direction or Instruction and describes how the thresholds impact their operation. Whilst the revised Directions have sought to harmonise thresholds, many of these are set by external policies and requirements.

9.4 Offers from related bodies

VPA's standard practice is that quotes should not be sought from related agencies of the VPA, board members or officers (i.e., agencies that are owned or controlled by board members or officers). Where there are compelling reasons, the reasons should be appropriately documented, and approval request submitted to the CEO. The CEO will determine that there are circumstances when quotes may be sourced from related agencies of VPA, Authority Members or Officers. All probity requirements are to be planned and approved to ensure that the procurement is conducted at an arms-length process and disclosures of conflict of interest recorded.

9.5 Probity in all dealings with Suppliers

It is essential that in any Procurement process:

- making decisions and providing advice based on merit-without bias, unpredictability, favouritism or self-interest;
- allows sufficient time for interested parties to develop and submit tenders;
- treat all suppliers fairly and equally and protect knowledge, intellectual property and confidential information;
- ensuring all employees, contractors and consultants involved in the procurement activity know their responsibilities and are accountable for their actions;
- includes reasonable submission dates and times, adheres to stated timelines;
- extensions for late submissions are not to be granted without written permission from the CFO.

More information on applying probity in procurement in accordance with VGPB guidance is published at
<https://www.buyingfor.vic.gov.au/probity-procurement-goods-and-services-procurement-guide>

9.6 Exemptions from Market Engagement

There are 3 types of market engagement exemptions:

- tendering or seeking the required number of quotes
- using a SEPC panel supplier
- using a SPC

The Senior Procurement Adviser is responsible for assessing the merits of the exemption application, prior to providing a recommendation to the responsible approver. Where services required are outside the scope of the SPC or SEPC, then no exemption is needed. Exemptions for purchases up to \$150,000 must be approved by the Chief Financial Officer (CFO). Exemptions for purchases more than \$150,000 must be approved by the Chief Executive Officer (CEO). There will be no exemptions granted for setting aside the procurement requirement for over \$300,000 without prior approval by the VPA Board/Sole Commissioner. Requests for exemption must clearly explain why the exemption is required, and which of the categories below applies.

9.7 Exemptions from tendering or seeking the required number of quotes.

- No tender responses are submitted that conform to the essential requirements of the tender documentation, or no suppliers satisfy a tender condition.
- Goods or services can only be supplied by a particular supplier and no reasonable alternative exists due to the absence of competition for technical reasons.
- Additional goods and services are to be purchased and a change in supplier would necessitate the procurement of goods or services that do not meet the requirements. This may include replacement parts or continuing services for existing equipment, software, services, or installations.
- There is an intention to purchase a prototype of a good or service required for a limited trial, research, experiment, study, or original development.
- Intellectual property or exclusivity rights need to be protected.
- After a critical incident has occurred, an emergency has been invoked, and there is no time to obtain additional quotes.

9.8 Exemptions from using a SEPC panel supplier may be granted in situations where:

- there are not sufficient suppliers on the relevant panel with the specialist expertise that is required; or
- relevant panel suppliers have a conflict of interest or are unavailable; or
- the supplier needs to be based in a regional centre, and suppliers on the panel do not have sufficient regional presence;
- an exemption is not required to seek a quote from one or more non-panel suppliers where it is in addition to the minimum number of panel suppliers.

9.9 Exemptions from using an SPC can be sought where VPA can demonstrate:

The decision to seek exemptions from an SPC must be made in consultation with the Senior Procurement Adviser and endorsed by the CFO. The process requires a VGPB exemption request form be completed with a business case outlining the following criteria.

- That it will be unable to achieve value for money under the proposed SPC.
- That special circumstances have arisen in connection with sourcing from the SPC.

The CFO may elect to lodge the request with the Lead Agency SPC Category Manager. The request will require final approval from the relevant Minister.

10. CONTRACT MANAGEMENT AND PERFORMANCE

Contract planning and management covers all activities at the commencement of, during, and after the contract period. It is the process that ensures that both parties to a contract, fully meet their respective obligations, as effectively and efficiently as possible, to continually deliver both the business and operational objectives. The Contract Management Planning Strategy (CMPS) provides a comprehensive guide on the key process, tools, reporting and capability skills to be used for the varying levels of procurement complexity.

10.1 CONTRACT PLANNING

A separate Contract Management Plan (CM Plan) must be prepared and followed for all purchasing agreements and contracts for any critical or high-risk projects or where the value is more than \$100,000 or the term of the contract is more than 12 months. A contract manager should be identified for each procurement project. The processes, structure and resources that will be applied to the contract management phase should be identified during the procurement planning stage. The Project Manager should complete the CM plan with advice and approval from their VPA Director and refer to the VPA Contract Management Strategy Plan for additional guidance.

10.2 CONTRACT PERFORMANCE MANAGEMENT FRAMEWORK

Contract Performance Management requires the management of the supplier in accordance with the contract documentation to ensure that the supplier delivers on time, to the expected standard and per the agreed budget. Basic tasks for managing contracts include:

- ensuring records are added to the Contract Register in the Content Manager System
- tracking deliverables against agreed timeframes
- processing payments in accordance with VPA's payment processes
- identifying issues early and taking steps to resolve early / escalating if required to manage the supplier's performance.

Invoices should not be paid until the project manager is satisfied that the work has been completed. If a supplier is not performing satisfactorily, The Senior Procurement Adviser and Corporate Services should be advised and can initiate action to be taken.

The Project Manager and Director have the key responsibility to ensure that goods and services are provided according to the contract by monitoring progress and quality, verifying and validating supplier charges and evaluating contractor performance.

Project reports should specify the following contract management elements:

- monitoring compliance with contract conditions
- identification of milestones and key deliverables/outcomes
- roles and responsibilities of participants
- systems to ensure continuity and retention of project knowledge over the life of the project
- effective financial management and monitoring
- regular monitoring of risks
- project performance reporting requirements; and
- evaluation and recording of the outcome of major contracts in relation to project objectives.

10.3 CONTRACT VARIATIONS

Material changes to the initial agreement/ statement of works may initiate the need for a Contract Variation. This may be due to material changes in scope (generally when additional work is required). A variation is only appropriate when the additional work is logically an integral part of the original contract. The Project Manager should consider whether a variation will provide the best value for money outcome for VPA, and if the additional work is substantial, it may be advisable to treat the additional work as a new agreement and a separate contract.

To process a contract variation a written quote/ proposal from the supplier will need to be reviewed outlining the additional work, and the total cost to the VPA. After reviewing and completing the negotiation phase, the Project Manager will submit a variation form outlining why the variation is necessary. The variation form must be reviewed by the Senior Procurement adviser before being approved in line with financial delegations. The variation form must be completed and approved before the contractor commences the agreed additional work.

The following amounts are the upper limits of authorised sign off, based on total contract value. These amounts include GST.

Responsible Officer	
CEO	\$750,000
Acting CEO	\$500,000
Exec. Dir - P&P	\$350,000
All other Exec Dir's	\$250,000
Chief Finance Officer	\$150,000
Directors	\$150,000
Managers	\$15,000

Contract Variations to External Staffing Services (Agency or Consultant) require approval from the Executive Director, Regions, Performance & People..

11. SUPPLIER ENGAGEMENT AND DECLARATIONS

VPA has published within its Procurement strategy “the Supplier Engagement Plan (SEP)”. The SEP documents the processes, systems and communication approaches put in place to ensure the highest levels of trust and accountability in all dealings with suppliers. It encompasses keeping the market informed about supply opportunities, managing supplier relationships, and managing complaints and tender debriefs.

11.1 Conflict of Interest

A conflict-of-interest declaration must be completed by the prospective supplier as part of the procurement process for all consultancies. The RFQ template includes a conflict-of-interest declaration. A separate conflict-of-interest declaration must be completed if the RFQ template is not used. Related party disclosures must be made where a related party relationship of control exists between personnel of the VPA and another entity in accordance with AASB Standard 124. This applies to companies owned or controlled by VPA board members, Sole Commissioner, the CEO, or their immediate family members. All transactions must be at arm's length from VPA's responsible body, officers, and their families.

11.2 The Supplier Code of Conduct

The Victorian Government has implemented a Supplier Code of Conduct, which is available on the VGPB website. All new non-panel suppliers are required to complete a commitment letter to demonstrate their commitment to the Code prior to engagement. The commitment letter should be included in the RFQ or tender documents.

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11.3 REQUESTS FOR CLARIFICATION

All suppliers should be provided with the same information about the RFQ. If suppliers have questions about an RFQ that has been issued, project managers should consider whether the questions are material and provide a response that can be shared with all suppliers that have been included in the RFQ. It is not usually necessary to meet with suppliers to discuss an RFQ. If this is to be considered, then the same opportunity to meet should be provided to all suppliers.

11.4 SUPPLIER COMPLAINTS PROCESS

A complaints management system gives a supplier involved in a procurement activity, or an agent acting in the interests of the supplier, mechanisms to raise concerns about how VPA is managing a procurement activity. In the first instance the matters are to be raised with the responsible VPA Project Manager and Director for the procurement. Where the issues remain unresolved and the complainant request to escalate the complaint, the VPA Director will advise the complainant that they are able to submit a complaint in writing following the prescribed format using the online complaints process. The online process will be managed by an independent internal VPA staff member, with relevant knowledge of the Procurement policy and procedures who will review and make recommendations to the CFO.

The CFO is responsible for:

- overseeing the management of supplier complaints
- ensuring complaints are treated fairly and in a timely manner
- maintain a register of complaints and outcomes
- disclose in the VPA Annual Report.

The Supplier Complaints process is available on the VPA website. Refer to VPA Complaints Handling Policy for more information.

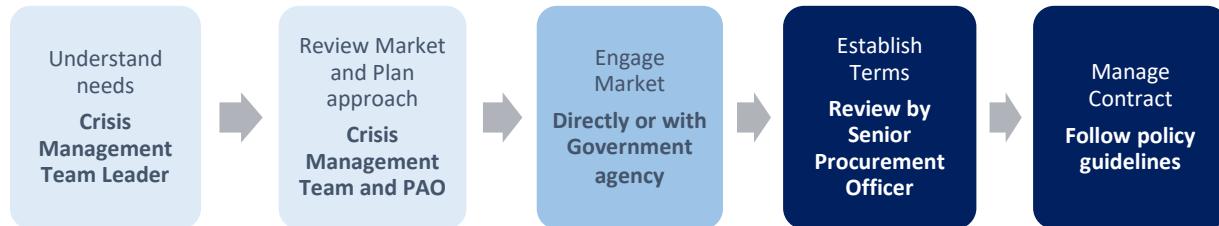
12. EMERGENCY PROCUREMENT

When an emergency occurs, lives, property, environment, and services are at risk. A procurement response should allow immediate action within predetermined constraints and allow for continued application of the VGPB Procurement Principles. When a major disruptive event occurs an emergency procurement activity may be undertaken, and the Procurement Governance Framework does not apply to the extent that the emergency makes it impractical to do so.

- The Emergency Procurement Activity (EPA) is invoked when a relevant Minister, or Chief Executive Officer (CEO), or Chief Finance Officer (CFO) decide that:
- an emergency within the meaning of the *Emergency Management Act 1986* (VIC)
- an incident where the Business Continuity Plan has been activated
- an incident that represents a serious and urgent threat to the health, safety or security of a person or property; or
- a situation that represents a serious or urgent disruption to services provided by the VPA.

Flexibility in applying the VGPB Goods and services supply policies does not extend to

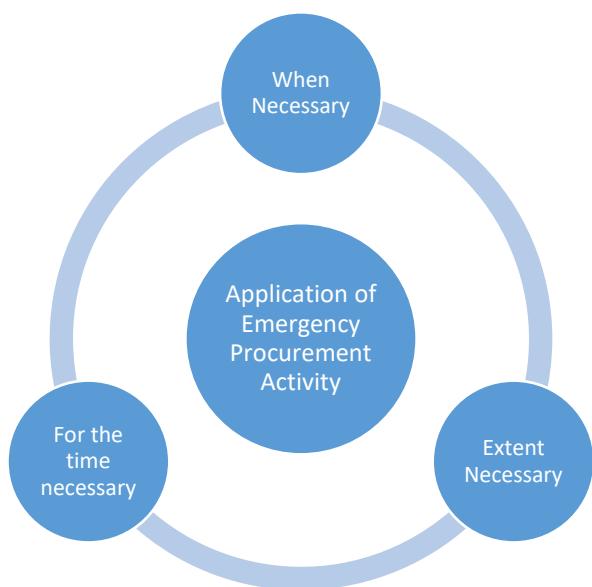
- the *Financial Management Act 1994* (VIC) and the Standing Directions
- financial delegations and approvals
- procurement related Government policies.



All purchases must be approved by an officer with the appropriate financial delegation. The Business Continuity Plan allows other identified officers to act as the CEO during an emergency where the CEO is unavailable. As well as approving expenditure, this officer is also able to approve an exemption as Acting CEO. As IT systems may be unavailable during a critical incident, some aspects of the procurement process may need to be modified. At a minimum, all purchases must be recorded in writing by the officer with the appropriate authority, and any exemptions from the process must also be approved in writing. Either the CEO or the CFO can determine when an Emergency has finished, and all procurement must follow the usual processes from this time.

12.1 STREAMLINED STEPS

The Procurement Procedures can be streamlined if an Emergency Procurement Activity is invoked. VPA can adopt reactive processes to engage with suppliers for Immediate and Urgent Procurement activities. A procurement plan should be created by the Crisis Management Team Leader and the following Procurement criteria put in place. The degree of urgency will impact the streamlining of the invitation, offer and evaluation process.



Guidance in determining the degree of flexibility required in applying the procurement policy consideration should be given only “when” it is necessary, to the “extent” it is necessary and the “time” necessary

When – relates to VPA’s capability to complete complex procurement activities in a timeframe to meet the requirements of the emergency

Extent – only those activities necessary to be completed in an urgent manner

Time – Flexibility is only in place for the period that immediate/ urgent to complete procurements

During the Emergency procurement activity continue to use judgement of financial and non-financial factors and report and document as soon as possible post the procurement.

In circumstances that are immediate and urgent there is an increased risk of:

- lack of integrity
- corruption
- biased selection process

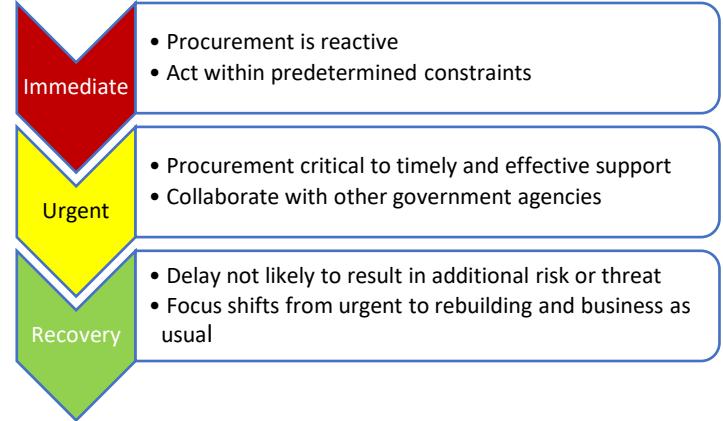
As normal probity considerations may not be in place, there must be a heightened emphasis to manage this risk and any conflict of interest. An increase in Procurement risk should only be undertaken where it reduces risk to life, property environment and services. All staff remain accountable for their decisions during an emergency.

12.2 DEGREE OF URGENCY

For each procurement undertake an evaluation of the urgency to determine whether steps within the Procurement policy should be streamlined.

Where the degree of urgency is Immediate and Urgent apply the when, extent and time necessary guidance criteria.

This may reduce the time and steps required to complete a complex procurement relating to the invitation, offer and evaluation process.



FORESEEABLE CRISIS TYPES

Critical incident	Urgent: Take any immediate action	Recovery: Follow Procurement policy
Health and Safety: Injury Loss of life	Contact required emergency services Engage appropriate services to make safe the environment	Engage staffing services and ensure staff and visitors receive appropriate debrief and counselling
Industrial Action / Loss of critical third-party provider	Take action to source an alternative and reinstate essential services	Legal services to be obtained using the SPC legal services panel
Facility Damage	Engage appropriate services. Make safe the environment	Repairs and maintenance of the facility
Loss of Essential Services	Engage appropriate services. Make safe the environment	Identify future needs including procurement plan
Adverse Media attention and reputational impact	Recruit Public Relations or extend SOW to existing contract	
Pandemic/ Epidemic	Engage additional Communications Support and Recruit additional staff	Identify ongoing requirements to manage
Cyber/ Ransomware attack	Engage IT support services	

13. PROCUREMENT REPORTING

13.1 INTERNAL REPORTING

A half yearly report summarising various aspects of procurement, including non-compliance, exemptions, capability assessments and the use of the VPA Panels will be submitted to the Senior Executive Team. A summary of the Procurement reports will be presented to the CEO and Board/Sole Commissioner annually.

EMERGENCY PROCUREMENT

If procurement activities have been modified during an emergency, then the VPA's Annual Report should include the following information:

- total value of goods purchased during the incident.
- total value of services purchase during the incident; and
- the nature of the critical incident to which the procurement values relate.

13.2 DISCLOSURE OF CONTRACTS

Where the value is more than \$100,000 but less than \$10 million, VPA will report within 60 days of executing a contract the summary details, and where the value is more than \$10 million disclose in full, subject to application of the exemption criteria in the Freedom of Information Act 1982 (VIC). Key details for panels must be published when the panel is established or refreshed. The contract information will be published using the Victorian Government Tenders VIC portal.

Summary details of all consultancy engagements valued more than \$10,000 (ex GST) are to be published on the VPA's website annually or in the Annual Report in line with Financial Reporting Disclosures 22H (FRD22H). Under FRD22H a consultant is defined as a particular type of contractor engaged primarily to perform a discrete task that facilitates decision making through the provision of expert analysis and advice; and/or development of a written report or other intellectual output.

14. RELATED DOCUMENTS

VPA documents

Business Continuity Plan	D/14/5432 - A04 - Business Continuity Plan - February 2020
Complaints Handling Policy	D/17/1760 - A19 Complaint Handling Policy - July 2017
Conflict-of-Interest Policy – Staff	D/14/11405 - D16 - Conflict of Interest Policy for Staff - July 2017
Financial Delegations Policy	D/22/467 - ITEM 10.2 Attachment 1 - Financial Delegations Policy - February 2022.
Gifts Benefits and Hospitality Policy	D/08/3957[v2] - D12 - Gifts Benefits and Hospitality Policy - April 2022 - CURRENT
Probity Guidelines	D/09/5792 - D14 - Probity Guidelines - March 2020
Risk Management Policy	D/13/1529 - A05 - Risk Management Policy - July 2021
Risk Management Procedures	D/13/1740 - A07 - Risk Management Procedures - March 2020
Social Procurement Strategy	D/20/453 - Social Procurement Strategy - final approved version - December 2019

External documents

Emergency Management Act 2013 (VIC)	https://www.legislation.vic.gov.au/in-force/acts/emergency-management-act-2013
Fair Jobs Code	https://www.buyingfor.vic.gov.au/fair-jobs-code
Financial Management Act 1994 (VIC)	https://www.legislation.vic.gov.au/in-force/acts/financial-management-act-1994
Local Jobs First	https://localjobsfirst.vic.gov.au/
Local Jobs First Act 2003 (VIC)	https://www.legislation.vic.gov.au/in-force/acts/local-jobs-first-act-2003
Project Development and Construction Management Act 1994 (VIC).	https://www.legislation.vic.gov.au/in-force/acts/project-development-and-construction-management-act-1994
Social Procurement Framework	https://www.buyingfor.vic.gov.au/social-procurement-framework
Supplier code of conduct	https://www.buyingfor.vic.gov.au/supplier-code-conduct
Victorian Government Construction Procurement Policy	https://www.buyingfor.vic.gov.au/construction-procurement-policies
VGPB Goods and Services Policy	https://www.buyingfor.vic.gov.au/aligning-goods-and-services-supply-policies-guide
VPSC Employee code of conduct	https://vpsc.vic.gov.au/ethics-behaviours-culture/codes-of-conduct/

DOCUMENT CONTROL

Date	Version	Author	Nature of Change
June 2013	1.0	Ed Small	New format
June 2014	2.0	Allie Oishi	<ul style="list-style-type: none"> - VIPP - Procurement Requirements
March 2015	3.0	Matthew Thornley	Changes to policy based on recommendations from procurement audit; re-structured document to separate policy from procedures.
March 2016	4.0	Matthew Thornley	Updated information on Legal Services Panel and engagement of barristers; various minor changes based on DELWP model procurement policy; added RFQ Procedures.
September 2016	5.0	Matthew Thornley	Update to reflect change from MPA to VPA
July 2017	6.0	Matthew Thornley	Re-approved by VPA with minor changes
March 2018	7.0	Matthew Thornley	Minor changes to align with DELWP model policy and VGPB policies
November 2019	8.0	Matthew Thornley	Incorporation of Social Procurement Framework
August 2021	9.0	Matthew Thornley	Updated to comply with Victorian Government Purchasing Board policies, and reflect organisational changes
November 2021	10.0	Ed Small	Updated to reflect changes in the procurement thresholds
February 2023	11.0	Matthew Johnston	Updated for changes to thresholds, Emergency procurement, Fair jobs code and Planning requirements to reflect VGPB Policy
August 2024	12.0	Tim Cullinan	Updated minor changes to thresholds, VPA Panel and changes to evaluation criteria.

Version authorisation	
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Date of Authorisation:	December 2024
Effective Date:	December 2024
Date of Last Amendment:	December 2024
Contact Person:	Tim Cullinan