

**PURCHASING POLICY**

Version: 7.4

**Policy History**

Version	Change	Date approved by Trust	Comments
7.4	Redraft		Incorporation of current VGPB and Public Construction requirements
7.3	Retail – Café & Florist Operations		Retail – Café & Florist Operations: Clarify role of supplier engagement, Conflict of Interest, and Performance Management. Approved by ELT 15 July 2020
7.2	Financial Delegation update	14/8/19	All financial delegation/approval levels previously being inclusive of GST are updated to be exclusive of GST.
7.1	Minor amendment	27/3/19	Inclusion of 2 yearly Probity Audit requirement
7.0	Policy Statement; Supplier Code of Conduct; Social Procurement Framework; and Retail – Café & Florist Operations	3/10/18	i. Updated Policy Statement. ii. Adoption of Victorian Government “Supplier Code of Conduct” for SMCT from 1 July 2017 and Social Procurement Framework from 1 Sep 18. iii. Retail – Café & Florist Operations – commercial agreements/ credit applications.
6.0	Amendment to VIPP	22/02/17	Inclusion of 10% local content evaluation for all Local Jobs First/VIPP.
5.1	Minor amendment and changes to structure of Policy.	15/8/16	Review of Policy to align with updated Standing Directions of the Minister for Finance 2016.
5.0	Policy Redraft	16/12/15	Update of Policy and remove procedural elements.
4.0	Alignment of Procurement Processes	30/10/13	Update aspects of SMCT procurement processes to reduce risk whilst ensuring enhanced levels of approvals.
3.0	Alignment of Procurement Processes	23/11/11	Update aspects of SMCT procurement processes to reduce risk whilst ensuring enhanced levels of approvals.
2.0	Amended Purchasing thresholds	15/12/10	Alignment of purchasing thresholds more closely with the Victorian Government Purchasing Board.
1.0	Policy drafted	21/04/10	Drafted from policies of the former Necropolis and Cheltenham Regional Cemeteries Trusts

**Scheduled date for next review:** 8 December 2024**1. Policy Statement**

SMCT is committed to operating an effective purchasing framework which supports decision making and ensures that business objectives are met. SMCT will ensure the following principles are embedded in all aspects of the purchasing lifecycle: value for money, open and fair competition, accountability, risk management, probity and transparency.

This will be achieved via the maintenance of purchasing procedures, processes and practices which align and comply with the *Financial Management Act 1994*, relevant Standing Directions under the *Financial Management Act 1994* (**Standing Directions**), the Victorian Government Purchasing Board (**VGPB**) policies (the **VGPB Policies**) and the Ministerial Directions for Public Construction (the **Construction Directions**).

## 2. Definitions

**Market analysis** may include suppliers and the supply chain; demand and how it affects the market; current prices and factors that may affect the price; market trends and technological developments; present and future market behaviours that could affect price and availability; and competition within the market.

**State Purchase Contracts** are centralised government contracts to buy common goods and services. These whole-of-government contracts aim to achieve value for money through using the collective purchasing power of government.

**SMCT's procurement strategy** provides an overview of SMCT's procurement profile and includes the following components: procurement activity plan; contract management planning strategy; supplier engagement plan; and capability development plan.

## 3. Policy Standards

### Supply Policies

- Across the procurement lifecycle SMCT will adhere to the mandatory requirements of the VGPB supply policies, namely Governance; Complexity and Capability Assessment; Market Analysis and Review; Market Approach; & Contract Management and Disclosure. The Purchasing Procedures will document the requirements across the purchasing lifecycle and for different levels of complexity of purchasing activities.

### Market Approach and Purchasing Strategy

- All purchasing activities will be planned and require the business to clearly define the goods or services to be acquired. The Purchasing Procedures will document the requirements for a Business Case for different levels of complexity of purchasing activities.
- Market analysis will be conducted to determine the optimal strategy to approach the market.
- When eligible, SMCT will utilise a State Purchase Contract where it exists unless an exemption is granted.
- Where purchasing meets the required thresholds as detailed in the Purchasing Procedures, a Purchasing Strategy will be developed for the purchasing activity which details:
  - how the supplier will be selected;
  - the scope of the purchasing process;
  - the delivery model;
  - the planned approach towards the market or tender.

### Public Construction

- SMCT will maintain a Construction Procurement Framework which governs public construction undertaken by SMCT and which aligns with the requirements of the Construction Directions.

### Social Procurement

- SMCT will maintain a Social Procurement Strategy which demonstrates how SMCT generates social value above and beyond the value of the goods or services being procured; this includes both social procurement objectives (such as supporting safe workplaces or opportunities for disadvantaged Victorians) and environmental sustainability. The requirements of the Victorian Government's Social Procurement Framework will be embedded in SMCT's purchasing processes and decisions.

### Local Jobs First

- Where purchasing meets the required thresholds, SMCT will apply the Victorian Industry Participation Policy (VIPP) which ensures that small and medium size enterprises are given opportunity to compete for both large and small contracts. The Purchasing Procedures will document the VIPP requirements for different levels of purchasing activities.
- Where purchasing meets the required threshold, Local Jobs First Projects requirements will be considered as part of the tender including the mandatory percentage evaluation criteria for industry development and for job outcomes.

### Supplier Code of Conduct & Performance Management

- SMCT adheres to the principles of the VGPB which has implemented a Supplier Code of Conduct that SMCT observes when implementing any contractual agreement with a supplier.
- The Supplier Code of Conduct ensures that all SMCT suppliers meet a minimum set of expectations and standards of business practice in delivery of service.
- To ensure the required benefit is achieved from purchasing activities, the expectations regarding performance management of suppliers will be specified in applicable Contract Management Plans which clearly define the performance standards, review mechanisms and deliverables required of the suppliers.

### Probity

- Probity will be considered at all stages of the purchasing process and SMCT will observe the highest standards of probity to ensure its purchasing is transparent, fair and ethical.
- An external Probity Auditor will be engaged for any tender with expenditure over \$10m. Probity Advisors will be utilised to support complex, sensitive or high-risk purchasing exercises and usage will be detailed in the Purchasing Procedures.
- Conflicts of interest in the purchasing process will be identified and managed in accordance with SMCT's Conflict of Interest Policy.

### Risk Management

- SMCT acknowledges that all purchasing embodies a degree of risk. Risks associated with purchasing activities will be managed in accordance with SMCT's Enterprise Risk Framework.

### Governance

- SMCT will maintain a procurement governance framework as part of the Procurement Procedures which defines processes, authorities, accountabilities and relationships to manage an efficient and effective procurement function consistent with the scope and complexity of procurement activities.
- SMCT will maintain a procurement strategy, which is reviewed annually, to provide an overview of SMCT's procurement profile, the procurement activity plan, contract management planning strategy, supplier engagement plan and capability development plan. A high-level summary of the procurement activity plan will be published on SMCT's website to improve transparency for suppliers.
- A complaints management system will be maintained that sets out the process and procedures for addressing complaints from suppliers regarding purchasing decisions. This will be published on SMCT's website.
- SMCT will maintain an effective internal control framework over procurement activities which encompasses governance, complexity and capability assessment, market analysis and review, market approach and contract management and disclosure.

### Training

- SMCT will provide all relevant employees with ongoing periodic training on purchasing and probity requirements.

### Reporting

- SMCT will provide all required external reporting on its purchasing activities including reporting i) on VGPB compliance as part of its Standing Directions attestation; ii) in its Annual Report on mandatory details regarding any complaint received relating to procurement activities; ii) on achievements under the Social Procurement Framework and Local Jobs First schemes.
- Ongoing reporting will be provided to the Finance, Audit, Investment & Risk Committee, including at least an annual assessment of Contractor Performance.

## 4. Responsibilities

- The Chief Governance Officer is the Accountable Officer for purchasing as per the VGPB Policies.
- All employees undertaking purchasing are responsible for ensuring adherence to the purchasing procedures.

## 5. References

- Victorian Government Purchasing Board Policies for Goods and Services;
- Ministerial Directions and Instructions for Public Construction procurement in Victoria;
- Victorian Government Local Jobs First Policy under the *Local Jobs First Act 2003*;
- Victorian Social Procurement Framework;
- Standing Directions 2018 under the *Financial Management Act 1994*;
- *Public Administration Act 2004*;
- Code of Conduct for Victorian Public Sector Employees;
- Purchasing Procedures;

## **PURCHASING POLICY**

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- Construction Procurement Framework;
- Enterprise Risk Framework;
- Conflicts of Interest Policy;
- Gifts, Benefits and Hospitality Policy.