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1 Background

1.1 Purpose

The purpose of this Procurement Policy (Policy) is to:

- Provide a procurement framework for the Trust;
- Achieve value for money in the procurement of goods and services for the Trust;
- Assist in advancing sustainability and social objectives within the Trust;
- Ensure continuous improvement in the provision of services for the Trust stakeholders; and
- Ensure that the Trust resources are used efficiently and effectively.

1.2 Scope

This Policy is an overarching policy that applies to all procurement activities conducted or overseen by The Trust and is binding upon the Trust Members, staff, contractors, temporary employees and consultants engaged by The Trust. Under this Policy fall a number of other subordinate Trust policies and guidelines that provide further specific detail relevant to their area. In particular, the following hierarchy should be noted where the:

- Procurement Procedures provides guidance in respect of procurements that are considered high risk, or which must be publicly tendered; general procedures for the raising of purchase orders and procurement thresholds;

This Policies and Procedures should be read in conjunction with:

- *Delegation of Authority* document, which outlines the delegated thresholds for approval of procurement and finance activities.
- Asset Management policies and procedures
- Finance policies including those regarding new suppliers, Purchase Order processes etc.
- Conflict of Interest Procedure

1.3 Why is this policy important

The policy enables the Trust and the employees to:

- Meet legislative requirements and compliance with the Acts;
- Delivery best value outcomes;
- Ensure application of the Victorian Government Procurement Board and the Trust principles; and
- Appropriate risk management to ensure protection of the continuity of supply of goods and/or services.

1.4 What if we do not comply?

In all cases, the Trust and the employees are responsible for complying with Policy. Non-compliance with the Policy may result in:

- the Trust not achieving value for money objectives compromising the business objectives of the organisation;
- a breach of legislative requirements and disciplinary actions, including dismissal; and
- criminal and civil penalties may be applicable if individuals breach fraud, corruption, bribery or Australian Consumer Laws.

To assist in ensuring a going improvement of compliance of the Procurement Policy along with providing audit evidence of compliance, the Procurement Unit will register all known and evidenced non-compliance of policy in the following escalation manner:

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- First offence will be noted to the individual direct manager for their review
- Second offence will be noted to the General Manager of Corporate Services for their review
- Third offence will be noted to the Chief Executive Officer (the nominated VGPB accountable officers at SSCT) for their review and remediation.

1.5 Victorian Government Purchasing Board (VGPB changes)

On 1 July 2021 the Victorian Government expanded the scope of the agencies under the Victorian Government Purchasing Board (VGPB) to include agencies that are subject to standing directions under the [Financial Management Act 1994 \(FMA\)](#).

The initiative addresses a recommendation from the Whole of Government Procurement Review, endorsed by Cabinet in March 2018, to harmonise Victorian Government procurement frameworks. The Review found that procurement arrangements were too complex, with different governance frameworks for construction and goods and services. The Review recommended aligning the scope of agencies for Public Construction Policy, goods and services (VGPB policies) and the Social Procurement Framework. Expanding the VGPB's scope of agencies brings goods and services into line with construction and social procurement, addressing the procurement review recommendation.

To expand the VGPB group of agencies, the Assistant Treasurer has approved a Governor in Council Order to declare relevant agencies including the State Sport Centres Trust a 'class of specified entities' for the purpose of Part 7A of the FMA. Under Part 7A, departments and specified entities must follow VGPB policies. The Governor in Council Order will take effect from 1 July 2021.

Many of the following procedures relies on information from the VGPB.

A notable change for the State Sport Centres Trust (SSCT or the Trust) is that Procurement will be based on a risk profile to direct the actions, documents and procedures to follow.

- Low Value, Low Risk (LVLR) purchases are transactional purchases which should only require a Purchase Order raised as per the procedure.
- High Value, High Risk (HVHR) purchases are more strategic and should already be nominated on the Strategic Procurement Plan. When time comes to action procurement process, the purchase will need a Procurement Activity Plan prior to any Purchase Order or Agreement being executed to the supplier.

1.6 Public Construction Procurement

The Project Development and Construction Management Act 1994 (Act) defines public construction is any construction, maintenance, rehabilitation, alteration, extension or demolition of any improvements on land by, or on behalf of, departments and public bodies and includes:

- design and construction practices
- tendering processes
- project delivery
- contract administration

Defining public construction ([Construction Guidance 1.3b](#)) sets out further detail on what is public construction.

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2 Procurement Principles and their application



2.1 Value for Money

The Trust's procurement activities will be carried out on the basis of obtaining value for money (VFM) consistent with acceptable quality, reliability and delivery considerations.

Lowest price is not the sole determinant of value for money. Procurement at the Trust is about selecting the supply of goods, services and works taking into account both cost and non-cost factors including:

- Contribution to the advancement of The Trust's priorities and objectives;
- Non-cost factors such as fitness for purpose, quality, social and environmental impacts, service and support;
- Cost-related factors including whole-of-life costs and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods, services or works; and
- Any risk related to the procurement that could impact the total value.

The value for money approach will be facilitated by:

- Developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout the lifecycle;
- Focus on whole of Trust solutions rather than procurement that supports venues as a single entity;
- Effective use of competition;
- Using aggregated contracts where appropriate;
- Identifying and rectifying inefficiencies in procurement processes;
- Developing cost efficient procurement processes including use of e-solutions, where appropriate; and
- The Trust staff responsible for providing procurement services or assistance within The Trust providing competent advice in terms of available products and agreements.

Working with suppliers to create relationships that are professional and productive, and are appropriate to the value and importance of the goods, services and works being acquired.

2.2 Accountability

Accountability requires procurement commensurate with appropriate levels of authority and responsibility. It means being able to explain and provide evidence on the process followed. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

Being accountable will be facilitated by:

- following all the processes by which all procurement activities are conducted will be in accordance with the Trust's procurement policies and procedures; and
- all procurement activities are to provide for an audit trail for monitoring and reporting purposes.

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2.3 Probity

The Trust's procurement activities shall be performed with integrity and in a manner able to withstand the closest possible scrutiny.

This can be achieved through the application of integrity, ethical behaviour, fairness and transparency in the conduct of procurement processes by:

- The Trust Members and the Trust staff shall at all times conduct themselves in accordance with the Code of Conduct, and in ways that are, and are seen to be, ethical and of the highest integrity;
- Ensure fair, equitable, and unbiased treatment of all parties including potential and existing suppliers;
- Use consistent and transparent processes;
- Not seek or receive personal gain;
- Maintain confidentiality of Commercial in Confidence information such as contract prices and other sensitive information;
- Present the highest standards of professionalism and probity;
- Deal with suppliers in an honest and impartial manner that does not allow conflicts of interest;
- Provide all suppliers with the same information and equal opportunity;
- Be able to account for all decisions and provide feedback on them so that all decisions are understood and can be subsequently justified;
- Ensure their actions embody the principles of sound financial and risk management; and
- Comply with all legal and policy requirements.

2.4 Scalability

The Trust has developed a scalable procurement methodology to help assess and then apply the most applicable resources, skills and experience to the purchase of the goods, services or works.

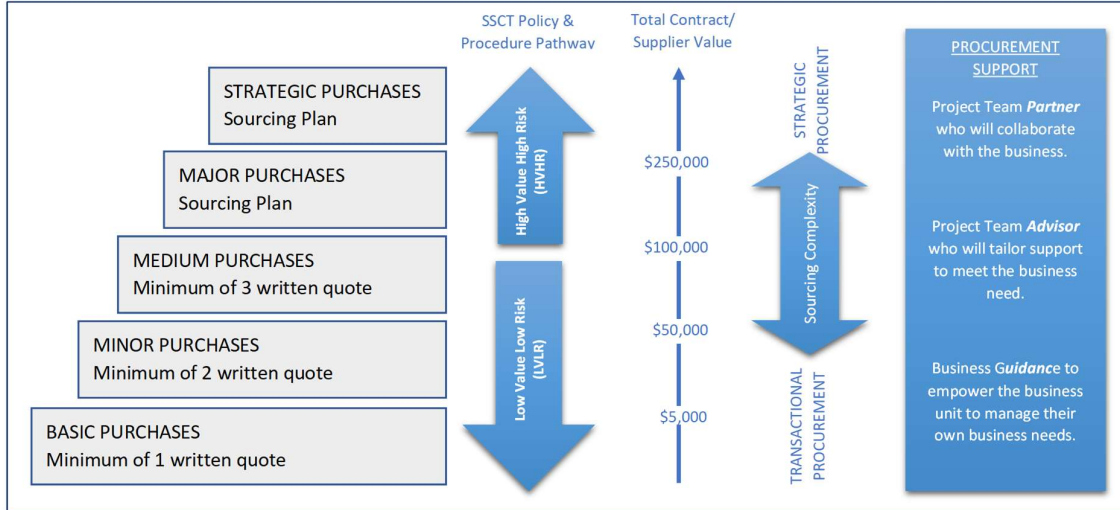
This scalability relies on understanding the risk associated with the purchase rather than basing solely on the value. The risk profile of the purchase help determines the pathway the users take to ensure procurement principles are met. The basic premise is that the purchases that have:

- larger amount of risk will need a greater level of direction from the Procurement Unit and approval at a higher level of delegation; and
- less riskier purchases will allow the Business Unit leads to be empowered to direct their own purchases by complying with policy and procedure and the Procurement Unit will provide support.

The graphic below provides a practical overview of the Policy Pathway that helps provide guidance on how the scalability of procurement is managed at the Trust.

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To further support the scaling of the purchase into Low or High Risk, refer to Section 5 of this Policy and Procedure.

2.5 Construction Procurement Principles

In the case of construction, apart from above procurement principles, the following also apply:

- ensuring appropriate competition and contestability when undertaking Public Construction Procurement;
- employing the appropriate Procurement Models and processes taking account of the complexity and value of the project and supplier market capability;
- appropriately planning and managing Public Construction Procurement to deliver procurement objectives;
- reducing unnecessary burden of Public Construction Procurement for all parties;
- encouraging appropriate innovation and responsiveness in the supplier market;
- fostering continuous improvement and building appropriate skills and capability in the conduct of Public Construction Procurement;
- conducting Public Construction Procurement in an open and transparent manner ensuring defensibility of processes;
- treating all tender participants fairly and equally;
- conducting Public Construction Procurement in an efficient and timely manner; and
- undertaking Public Construction Procurement in accordance with the relevant legislation, policy, guidance and any mandatory requirements in these Directions.

Application of the directions and instructions related to construction can be viewed on the Buying for Victoria Construction website located at the link [here](#).

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3 VGPB Supply Policies



There are five policy areas, which has more detailed information available at the VGPB website. For SSCT, the application of the policies are as follows:

3.1 Governance

This policy covers requirements of how to manage organisational procurement of goods and services to ensure the right level of control and probity. The policy covers requirements for:

Governance

- The Trust has an established procurement governance framework which includes processes, authorities, accountabilities and relationships for the organisation to manage an efficient and effective procurement function. It operates at 2 levels:
 - a. the structure, processes and roles that drive organisational performance, improve procurement practice, reduce risk and promote value for money
 - b. ensuring compliance with VGPB supply policies.

Assessment to measure procurement activity

- The Trust can assess the procurement activity to ensure the policies are in place. This is executed by having in place:
 - Approval system
 - Contract management system

Complaints management

- Refer to SSCT Procurement Complaints Procedure for detail of complaint management.

3.2 Complexity and Capability Assessment

This policy addresses procurement complexity and the capability of an organisation to perform the procurement. Assessing complexity and capability helps an organisation work out if they need specialist capability to manage the procurement.

Complexity

- Procurement complexity is the level of intricacy and scope of issues involved in procuring a good or service. The complexity assessment considers a broad range of factors including risk, total cost of ownership and market dynamics associated with the procurement activity.

Capability

- The capability assessment indicates the level of procurement capability in an organisation. Procurement capability is about matching the people, resources, systems and processes to the requirements of procurement activity, ensuring sufficient expertise is in place to carry out the procurement successfully.

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The assessments are considered together so an organisation can see what level of procurement activity it can carry out with existing resources and where additional or specialist capability may be required.

The assessments take place early in the procurement process and focus on the category level of procurement.

However, the assessments should be reviewed during the procurement process as additional considerations and more detailed information is obtained from the sourcing stages of the procurement process.

For further information and supporting documents please proceed to the Victorian Government VGPB Website

3.3 Market Analysis and Review

This policy covers requirements for:

Market analysis

- The procurement unit will undertake the following actions as part of the Strategic procurement Plan or in the preparation of a Procurement Activity Plan:
 - Spend analysis of commodity groups
 - Spend analysis with existing suppliers
 - Market review using key stakeholder feedback

Aggregated purchasing

- Refer to section 7 this policy

Disposal of assets

- Refer to the Asset Disposal policy.

3.4 Market Approach

Market approach involves informing the potential supply market about your requirements. Some common methods of market approach are quotations, open tendering, multi-stage tendering and limited tendering.

The policy has three parts:

Market approach

- Market approach involves informing the potential supply market about your requirements. When buyers are undertaking individual procurement activity, the market approach policy applies to the following stages of a procurement:
 - Develop plan for market approach
 - Evaluate, negotiate and select supplier.

Managing critical incidents

- Refer to section 5.5 in this policy

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Evaluation, negotiation and selection.

- Evaluation, negotiation and selection involves identifying a supplier(s) best able to satisfy your procurement requirements. Your organisation may decide not to proceed with engaging a supplier if the evaluation and negotiation process cannot satisfy the requirements of the procurement activity.
- The evaluation and selection process shall include considerations regarding the potential supplier, including consideration of the following factors:
 - Reference checks;
 - Consideration of conflicts of interests;
 - Consideration of suitability of vendor for working with government, eg reputation etc.
 - Financial checks such as credit checks or company searches.
- The above are in addition to the evaluation criteria outlined as part of the procurement process.

3.5 Contract Management and Disclosure

Contract management at the organisational level

- At the organisational level, a CMPS can identify how individual contracts in a procurement category could be managed. It positions contract management issues at the beginning of the procurement planning cycle and allows for the effective allocation of resources.
- Developing a CMPS takes place at the beginning of the planning process after identifying procurement categories and conducting an assessment of complexity.

Contract management at the individual procurement level

At the individual procurement activity level, contract management is the management of contracts made with supplier(s) to ensure that goods and services are delivered as agreed over the life of the contract and that value for money is consistently achieved. Contract management as a function can extend beyond the current term of the contract where there are ongoing obligations associated with maintenance agreements, warranties and guarantees. Consideration of contract management issues is relevant across the elements of market analysis and review and market approach.

At the market approach stage of sourcing, it can inform prospective suppliers about the organisation's intended legal arrangement in delivering the procurement requirement. This policy relates to:

- create a contract
- commit to a contract
- manage contract
- contract review or closure.

Contract disclosure

Organisations must disclose the key details for contracts (excluding contracts under head agreements), with a total estimated value equal to or exceeding \$100,000 (including GST) within 60 days of the award of a contract on the contract publishing system, the Tenders VIC website.

Disclosure relates to:

- individual procurement contracts that are not contracts under head agreements such as state purchase contracts (SPC) and sole entity purchase contracts (SEPC)
- head agreements such as state purchase contracts (SPC) and sole entity purchase contracts (SEPC)

Key details for disclosure include:

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- contract details:
- contract number
- contract title
- type of contract
- total estimated value of contract or SPC/SEPC
- start date and current term of contract
- category

organisation details:

- organisation
- contact person
- contact number
- email address
- supplier details:
- name of supplier
- Australian Business Number or Australian Company Number

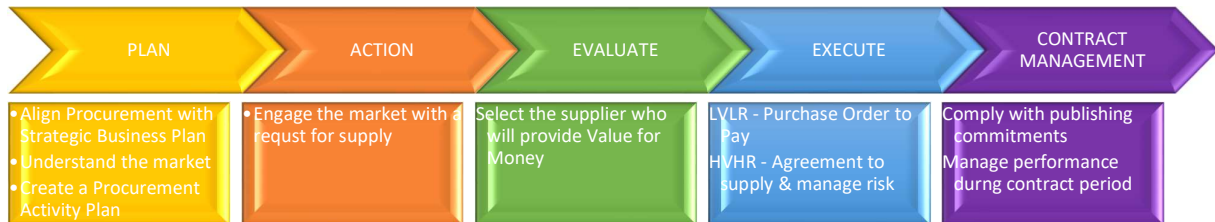
Organisations must disclose full contract information for contracts with an estimated value exceeding \$10 million (including GST) on the contract publishing system. Only trade secrets or genuinely confidential business information will be withheld from voluntary disclosure, along with material which if disclosed would seriously harm the public interest. The Government will be guided by the criteria established by Parliament in the *Freedom of Information Act 1982*. Organisations are to develop protocols and procedures detailing such exemptions from disclosure.

Variation disclosure

Each individual variation, or variations with a cumulative value exceeding \$100, 000 (including GST) must be disclosed on the contract publishing system against the contract to which the variation relates. The estimated value of the variation and the adjustment to the total estimated value of the contract must be noted on the contract publishing system.

4 Procurement Lifecycle

The procurement lifecycle is relatively the same regardless of value or risk. What will differ is the need to demonstrate actions taken and document evidence for those riskier or more strategic purchases. The Trust policy allows for a more agile approach to procurement requirements whereby the actions taken, and evidence collected only need to be approved based on the risk profile.



While each Trust staff member conduct activity on behalf of the Trust, decisions to spend relevant monies within the overall procurement lifecycle MUST be approved by those who have been delegated prior to the acquisition of the

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goods and/or the commencement of services. The agile nature of the developed policy and procedures ensure the approval process and the approach to market are adequate without being unduly onerous.

As outlined in Section 5.2, purchases will be split into Low Value or High Value and also consideration to Low Risk and Risk purchases. Depending on the nature of the purchase, varying processes will be in place as outlined below.

PROCUREMENT LIFECYCLE		01. PLAN	02. ACTION	03. EVALUATION	04. EXECUTE	05. Contract Management
REQUIRED APPROVALS	Standard process - LVLR	Have a plan to ensure Value for Money is achieved	Aim to use existing known suppliers to SSCT	Aim to select the lowest cost offer	APPROVAL: Supplier Engagement	PO issued so no Contract Management required
	Standard process -HVHR	APPROVAL: Procurement Activity Plan	CONSENSUS: RFX Scope Agreement	CONSENSUS: Supplier Selection	APPROVAL: Supplier Engagement	APPROVAL: Contract Variation
	Aggregated Purchases	Refer to the Section 7 of this Policy.				
	Required approvals – Exemption process	APPROVAL: Exemption from procurement policy requirements or standard agreement terms				
	Variation to existing procurement	<p>Approval to vary the scope or price of the goods/services of any existing active agreement that SSCT has with a supplier will trigger a Variation.</p> <p>The variation approval process may require an uplifted level of approval pathway if:</p> <ul style="list-style-type: none"> The new Total (prior purchase and proposed variation) exceeds the delegation of the prior purchase. The Risk profile changes that places it into a higher risk category requiring approval of increased delegation. 				

4.1 Order Splitting (not permitted)

“Order Splitting” is purchasing a good/service in instalments or individually purchasing the components of a single good/service with a view to reducing the total estimated value of the procured goods/services, and therefore avoiding the prescribed requirements of a procurement process.

“Order splitting” **must not** be undertaken. The estimate of the total procurement value is to reflect the contract value over the full contract period, including other costs that may be incurred in the procurement of the goods and/or services.

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EXAMPLE:

The scope of a service is quoted as \$80,000. The purchases are split into values below \$50,000 to meet lower thresholds.

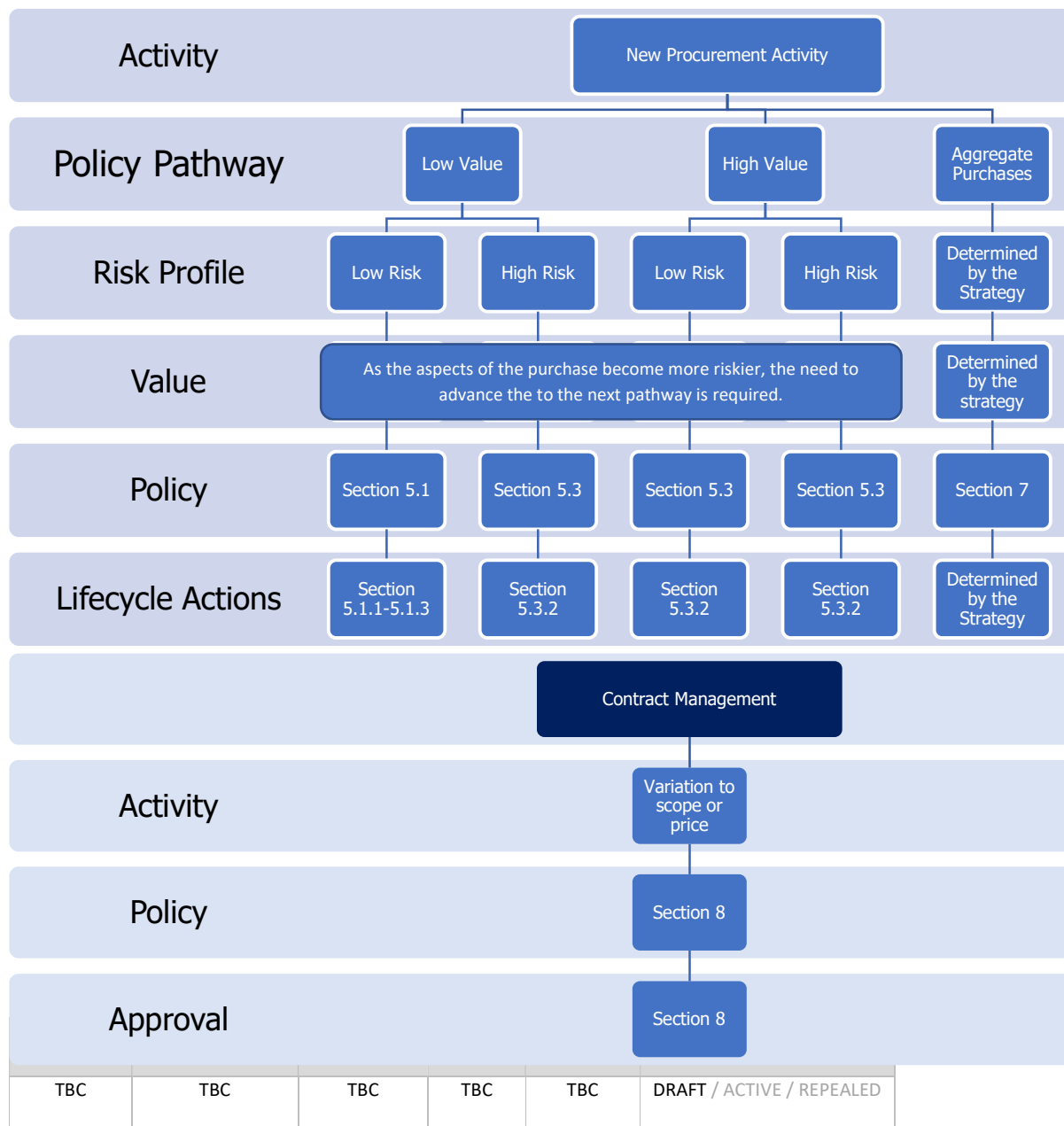
- \$40,000 for southern end work

- \$40,000 for northern end work

This is considered "Order Splitting" and **MUST NOT** be undertaken.

5 Procurement Approval Framework

The following section will allow for users to better understand how the necessary steps to achieve approval of their purchase requests.



5.1 Low Value – Low Risk Purchases

Low value, Low Risk purchases (LVLRL) are those that are typically transactional purchases. The details on the Purchase Order along with the supplier's quote can cover the details of the scope of the goods and/or services.

LVLRL purchases are purchases that do not need a contract or an agreement to help set out the expectations of the goods, services, or the roles each party has. These purchases will use the details on the purchase order along with the SSCT Standard Terms and Conditions.

5.1.1 Purchases below \$5,000

For BASIC one-off transactional purchases below \$5,000 (GST inclusive), the purchase can be conducted by the following:

- PLAN
 - A basic but well-defined scope for the supplier to clearly understand the needs.
 - Use of a SSCT Registered Supplier is preferred. If a new supplier is required, please speak with your Finance Unit representative regarding set up of new supplier in system.
- ACTION
 - Issue a RFQ via email to at least 1 supplier.
 - Receive a written/emailed quote in return.
- EVALUATE
 - Supplier quote must be no more than 30 days old when you are using it to request approval.
- EXECUTE
 - Raise a request for approval using the approved process (Refer to Annexure A).

5.1.2 Purchases above \$5,000 but below \$50,000

For MINOR one-off transactional purchases as per the above threshold (GST inclusive), the purchase can be conducted by the following:

- PLAN
 - A simple but well-defined scope for the supplier to clearly understand the needs.
 - You need to have a plan that has a clear scope, pricing target (Budget) and timing offer using competitive bids from suppliers.
 - Use of a SSCT Registered Supplier is preferred. If a new supplier is required, please speak with your Finance Unit representative regarding set up of new supplier in system.
- ACTION
 - Issue a Request for Quote (RFQ), preferably via email to a minimum of 2 suppliers.
 - Receive a written/emailed quote in return.
- EVALUATE
 - Be sure that the suppliers have quoted on the same scope. You are welcome to request clarification from them if any aspect is unclear.
 - Supplier quotes must be no more than 30 days old when you are using it to request approval. If necessary, obtain an updated quote prior to proceeding for your Purchase Request.

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- EXECUTE
 - Raise a Purchase Request for approval using the approved process (Refer to Annexure A).

5.1.3 Purchases above \$50,000 but below \$100,000

For MEDIUM one-off purchases as per the above threshold (GST inclusive), the purchase can be conducted by the following:

- PLAN
 - A simple but well-defined scope for the supplier to clearly understand the needs.
 - You need to have a plan that has a clear scope, pricing target (Budget) and timing offer using competitive bids from suppliers.
 - Use of a SSCT Registered Supplier is preferred. If a new supplier is required, please speak with your Finance Unit representative regarding set up of new supplier in system.
- ACTION
 - Issue a RFQ via email to at least 3 suppliers.
 - Receive a written/emailed quote in return.
- EVALUATE
 - Be sure that the suppliers have quoted on the same scope. You are welcome to request clarification from them if any aspect is unclear.
 - Supplier quotes must be no more than 30 days old when you are using it to request approval. If necessary, obtain an updated quote prior to proceeding for your Purchase Request.
- EXECUTE
 - Raise a Purchase Request for approval using the approved process (Refer to Annexure A).
 - All purchases that exceed \$50,000 it will require oversight and approval by the Trust Chief Executive Officer (CEO) as outlined in the Trust’s Financial Delegations.

5.2 Low Value Policy Exception

In some instances, a purchase may have a low value but the risk will be higher due to the conditions it requires to be executed (eg politically sensitive or significant impact on community for example). These purchases therefore may be below \$100,000 but will need to be escalated to become High Value, High Risk (HVHR) purchases and the policy as outlined below will apply to them. Please refer to Section 5.3 to understand the conditions of a HVHR purchase.

5.3 High Value – High Risk Purchases

High Value, High Risk (HVHR) are those that are not typically transactional but have a strategic aspect to them. A HVHR strategic intent may include:

- The number of purchases are periodical such as weekly, monthly, 6 monthly, etc;
- The purchase requires a contract to outline the contract conditions that are different to the SSCT Standard Terms and Conditions;
- The purchase does not have allocated budget, or the budget will be exceeded;
- There is complex scope requiring clarity of the goods and services to be supplied; and
- The purchase has risk which will affect the benefits to the Trust.

5.3.1 Strategic Procurement Plan

The Procurement Unit will develop a long-range plan to ensure timely supply of goods and services that are strategic to the Trust meeting its core objectives. This will be where the Procurement Unit will list all the known purchases envisaged to be carried out in the short, medium and long-term period to reflect budgets, asset management and existing contracts for goods and services. It will reflect the aspects of the VGPB policy guidelines.

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5.3.2 Purchases above \$100,000 or have a High Risk profile

For MAJOR and STRATEGIC purchases, they are to be conducted in the following manner:

- PLAN
 - A comprehensive plan which outlines a clear overview of what business objectives need to be met, how and by when.
 - The Business Area and Procurement will use a Procurement Activity Plan Document to demonstrate a clear and robust plan is in place.
 - This Procurement Activity Plan will need to be raised for approval by the Business Unit using the approved process (Refer to Annexure A).
- ACTION
 - Procurement will support the Business Unit by directing them to the most appropriate market engaged documents so the key information can be populated.
 - The Procurement Activity Plan will outline the roles, responsibilities and key documents required to engage with suppliers in the market.
 - If nominated in the Procurement Activity Plan, the Request for Tender/Quote may need to receive consensus from the key stakeholders prior to being issued to the market. This can be done via the approved process.
- EVALUATE
 - Procurement will support the Business Unit by leading the evaluation of the supplier submissions of offer.
 - If nominated in the Procurement Activity Plan or the procurement process has led to significant changes to the scope, timing or cost, the Supplier Evaluation may need to receive consensus from the key stakeholders prior to being executed. This can be done via the approved process (Refer to Annexure A).
- EXECUTE
 - Raise a request for approval using the approved process (Refer to Annexure A).
 - All purchases that exceed \$50,000 it will require oversight and approval by the Trust Chief Executive Officer (CEO) as outlined in the Trust’s Financial Delegations.

5.4 Construction Purchases

SSCT also undertakes the procurement of building and construction ‘works’ and ‘construction related’ expenditure that fall under Ministerial Directions made under the *Project Development and Construction Management Act 1994* (PDCM Act). The Ministerial Directions and Instructions for public construction prescribe principles and procedures that Victorian government departments and public bodies must follow when they procure public construction works and services. These Ministerial Directions are supported by:

- mandatory Instructions for Public Construction in Victoria (effective 1 July 2018),
- non-mandatory Guidance for Public Construction in Victoria (effective 1 July 2018).

SSCT has nominated that it will apply the use of the VGPB supply policies and the Procurement Policy and Procedure framework for the procurement of construction or construction related works.

5.5 Management of Emergency Purchases for Critical Incidents

Critical incident protocols and processes are invoked when a relevant Minister, Accountable Officer or General Manager- Corporate Services and Procurement declares a critical incident to exist in relation to the operation of procurement processes by reason of:

- An emergency within the meaning of the *Emergency Management Act 1986*;

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- An incident that causes the department’s business continuity plan to be 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 department.

During a critical incident the Business Unit will:

- Take into account value for money, accountability and probity to the extent that they can be applied given the severity and urgency of the incident;
- Adopt record keeping processes to the extent that they can be applied given the severity and urgency of the incident; and
- Adhere to contract disclosure requirements.

6 Exemptions

Although an appropriate competitive procurement process best supports the Trusts procurement principles, there may be occasions when this approach (as outlined in section 5) cannot be adopted, or, if adopted will be (or is highly likely to be) inappropriate, unfeasible or unduly prohibitive. In such circumstances, an exemption from the prescribed market approach could be considered.

The responsible Requestor as well as all subsequent approvers **must** be satisfied that the exemption is justified and not for the purposes of:

- avoiding the procurement process
- avoiding public scrutiny of government process
- masking poor planning, including insufficient time allowed to engage the market.

6.1 Exemptions – Grounds For

Proposed exemptions following the prescribed market approach will be assessed on a case-by-case basis and will consider a number of relevant factors. The list (non-exhaustive) below outlines possible factors that may be considered as part of an exemption request.

- A demonstrated **absence of competition (e.g. Sole Supplier)**. Market analysis must show there is no other supplier capable of providing the goods or services
- Goods and/or services that are intended either as **replacements for, or extensions to, existing assets** (including ICT hardware and software) in circumstances where a change in supplier would necessitate the procurement of goods and/or services that do not meet interoperability or interchangeability requirements
- **Not selecting the lower offer** from the suppliers’ competitive quotations. Where it can be demonstrated that the higher offer best suits the scope of works/specification and/or meeting the criteria.
- Where a good and/or service is formed during and for a specific contract pertaining to **research, studies, experiments, or other original developments**.
- Goods purchased on a **commodity market**, or for purchases made under **advantageous conditions**, including unsolicited innovative proposals
- **Matters of urgency**, including the protection of human, animal and/or plant life, as a consequence of an unforeseen event or occurrence. This criterion does not accommodate procurement processes for which adequate timing has not been allowed and is separate to the Critical Incident Procurement Process.
- **Exceptional circumstances**, as determined and approved by a CEO.

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All proposed exemptions from procurement process requirements (other than the automatic exemptions defined in this Policy) **must** be requested and approved by relevant approvers in line with delegations and by the Procurement Unit.

The Procurement Unit will maintain reporting data sourced from the eApproval Application to show that the procurement approach used was an exemption.

6.2 Exemptions – Automatic Grounds

A small number of circumstances, and goods and services types, qualify for automatic exemption from adopting the prescribed market approach. The following list of procurement activities do not require approval of an exemption from procurement process requirements as outlined in this Policy. The nominated delegate can approve the Exemption Brief for transactions under the following categories, regardless of the value of the procurement:

- **Critical incidents** as referred to in this Policy
- Purchasing of goods and services from an established Aggregated Purchase such as a **State Purchase Contract (SPC) or Sole Entity Purchase Contract (SEPC) that is a single supplier contract**
- Unit Expenditure on **print subscriptions and electronic subscriptions**, such as journals, newspapers, and the use of subscription credit information services
- Expenditure on attendance fees for **conferences and seminars**
- Spend on **corporate memberships** of professional bodies. This does not include personal professional memberships where the benefits accrue to the individual rather than to SSCT.
- For assets acquired prior to the start date of this Policy, expenditure on maintenance where there is a sole supplier of a proprietary product. Where the asset has been acquired after the start date of the policy, the whole of life maintenance and consumables for the asset **must** be considered in the procurement of the asset.

7 Aggregated Purchases

SSCT will be transitioning to a number of State Purchasing Contracts (SPC's), which are panel arrangements or standing offer agreements for Victorian Government use goods and services.

SSCT may also lead the development of Sole Entity Purchase Contracts (SEPC's). These are similar to SPC's, in that they are an aggregated supply agreement for the supply of goods or services. SEPCs are only applicable to SSCT and are led by the Procurement Unit.

The following applies in relation to State Government purchasing arrangements:

- Where the scope of a SPC or SEPC satisfactorily meets the procurement needs, these must be used unless an exemption is sought and approved.
- SPCs and SEPC's can be added to the Strategic Procurement Plan at any stage. Procurement Unit will maintain a Strategic Procurement Plan containing details of relevant SPCs and SEPCs including plan on introduction, updates and processes related to these arrangements.

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- The Procurement Unit will keep a central record of all SPC exemption requests, including the outcome. The business area must ensure that within the contract record created in the Contract Management System.

8 Contractor Management

8.1 Contract Types

A suite of contracts has been developed for procurement of goods and services and construction by the Victorian Government. These contracts can be used without consultation with Legal assistance.

8.1.1 Contracts - Low Value/ Low Risk

- For LVLR purchases, the Trust use a Purchase Order accompanied with a standardized contract called - General Conditions for supply of Goods/Services. The conditions specifically support the lower value, lower risk transactional type purchases where the detail of the purchase may be executed via the Purchase Order information.
- The supplier will have access to this via:
 - All new suppliers will receive a copy as part of their induction.
 - A copy will be available in the Rapid Global Document repository.

8.1.2 Contracts - High Value/ High Risk

- For HVHR purchases, SSCT will use a Purchase Order along with an Agreement that is specifically created for the purchase. The following types available for use are:
 - Construction Related - regardless of value, any work that is construction related will use a 2021 Minor Works Contract.
 - Non-construction Related – all purchases above \$50,000 will require a matching contract.
 - SSCT uses the Victorian Government Department of Treasury and Finance version of the contracts - <https://www.buyingfor.vic.gov.au/goods-and-services-contract-templates>

All contracts noted above allow for some element of adjustment within the Schedule areas. If you require amendments to other clauses not situated in the Schedules, Procurement must lead this activity as it could be a material change to the contract.

The use of the supplier's contract must be avoided as it could result in a material change to the contract, so please contact the Procurement Unit if a supplier insists on this action.

All material changes to the contract may require the need to approach a Legal and Legislation Unit within Department of Treasury and Finance; or Department of Jobs, Precincts and Regions. Procurement will lead this activity with the Contract Owners support.

8.2 Contract Management

Contract Management (post contract award) is the effective and efficient management of all activities during the contract period. It is essential for maximising financial and operational performance, minimising risk, and ensuring value for money is achieved.

Management of the contract is allocated as follows:

Table 1: CONTRACT MANAGEMENT RACI CHART			
Activity	Procurement	Nominated Business Owner	Asset Manager

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Creating a compliant contract record within the Contract Management System	A R	R C	I
Managing the Supplier's and SSCT respective performance of the contractual obligations	C	A R	
Registering any new asset using the applicable Asset Registering policy & procedure		A	R
Escalating material supplier performance issues and/or disputes to the relevant Procurement Specialist within the Strategic Procurement Unit	R	A	

Note: Refer below for RACI definitions.

- **Responsible:** This team member does the work to complete the task. Every task needs at least one Responsible party, but it is okay to assign more.
- **Accountable:** This person delegates work and is the last one to review the task or deliverable before it is deemed complete. On some tasks, the Responsible party may also serve as the Accountable one. Just be sure you only have one Accountable person assigned to each task or deliverable. (Note: It might not be your PM!)
- **Consulted:** Every deliverable is strengthened by review and consultation from more than one team member. Consulted parties are typically the people who provide input based on either how it will impact their future project work or their domain of expertise on the deliverable itself.
- **Informed:** These team members simply need to be kept in the loop on project progress, rather than roped into the details of every deliverable.

In line with VGPB requirements, the Trust requires that contracts be managed in a manner which:

- is commensurate with the criticality of the goods and/or services provided under the contract
- considers the balance between the potential value for money that can be achieved through contract management versus the effort required.

To achieve this the Trust will undertake the following policy for all contracts:

- Purchases requiring a unique contract with specific schedule items, an applicable contract will be provided by the Procurement Unit. These are likely to be high value and/ or high risk purchase of goods, services or minor works (construction).
- Purchases that do not require a unique contract, may rely on the SSCT General Conditions of the Supply of Goods or the SSCT General Conditions of the Supply of Services.
- not requiring a contract with unique schedules will refer to the State Sports Centre Trust Standard Terms and Conditions for the supply of Goods or the Standard Terms and

8.3 Contract Registration – SSCT Contract Management Database

All HVHR contracts must be registered in an applicable manner to ensure the Trust can demonstrate they are maximising financial and operational performance, minimising risk, and ensuring value for money is achieved.

Upon execution of the contract, the Procurement Unit will place the contract copy and supporting information into the SSCT Contract Management System within 60 days of the award contract. Any variation must also be updated in the SSCT Contract Management Database

8.4 Contract Disclosure - Victorian State Government Portal

To ensure the Trust comply with the VGPB Policy standards, any contract with a value exceeding \$100,000 including GST, must have the summary details disclosed on the Victorian Government nominated disclosure portal.

This will be done at the same time the contract is registered in to the SSCT Contract Management Database.

Any variation must also be updated in the Victorian Government nominated disclosure portal.

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Contracts greater than \$10 million (GST inclusive) **must** be fully disclosed. Only trade secrets or genuinely confidential business information will be withheld from voluntary disclosure, along with material which if disclosed would seriously harm the public interest. The department will be guided by the criteria established by the *Freedom of Information Act 1982*.

8.5 Contract Variations

A variation to a contract **must** be agreed between both parties to the contract. Prior to any variation being conducted, the Nominated Business Owner must:

- adequately consider advice from the key stakeholders, including Procurement Unit and ensure that the appropriate approvals are attained prior to any variation being conducted, and that relevant records of supporting documentation are maintained once the variation is finalised.

Variations must not:

- be used to mask poor performance, poor planning or serious underlying problems (albeit these concerns may give rise to the need for variations)
- be requested primarily to avoid a competitive process.
-

There are three types of contract variation, detailed in Table 2: Contract Variation Types.

Variations to Scope	Variation to Price	Variation to Time Only (non-price)
<p>Changes to contractual arrangements that impact the scope may include variations to the quantity or nature of the deliverables and can potentially impact the overall viability of the original contract. All requests for variations to the originally approved scope must:</p> <ul style="list-style-type: none"> not significantly change the contract requirements and/or substantial parts of the original transaction consider the costs and risks of retendering or supplementary tendering versus the costs and risks of continuing to use the existing supplier. <p>Significant variations to the original scope must be approved in accordance with Section 5 prior to any commitment to vary the agreement, regardless of any change in price.</p>	<p>All contract variations that require an increase to the approved total contract value must seek approval based on the cumulative contract value (original approved spend plus the value of all approved and proposed variations) in accordance with Section 5.</p>	<p>Time-only variations relate to a change of the contract expiry date, where no additional expenditure is required. These variations are contract management related and no procurement approvals are required. The varied contract must still satisfy the core procurement principles and must not change the scope of the contract.</p> <p>Requests for time-only variations should not be sought to bring forward scope from a future stage of a project (or introduce new scope) that was not approved under the original procurement.</p>

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**Approval Framework for Contract
Variations**

The approval delegation applicable is based on the new total value of the contract.

9 Annexure A – Approved Process

As of March 2022, the approved process for approvals, under each category and spend are outlined in the attached excel spreadsheet.

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