

PURCHASING POLICY

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1. OBJECTIVE

To ensure a best practice approach to procurement which promotes transparent, equitable and competitive purchasing practices for the Shire of Roebourne (Shire) and is compliant with the Local Government Act 1995 (Act) and the Local Government (Functions and General) Regulations 1996.

- Provide compliance with the Local Government Act 1995 and the Local Government Act (Functions and General) Regulations 1996.
- Deliver a best practice approach and procedures to internal purchasing for the Shire of Roebourne.
- Ensure consistency for all purchasing activities that integrates within all operational areas of the Shire of Roebourne.

2. PRINCIPLES

The Shire of Roebourne is committed to setting up efficient, effective, economical and sustainable procedures that:

- a. Ensures that purchasing transactions are carried out in a fair and equitable manner.
- b. Strengthens integrity and confidence in the purchasing system.
- c. Ensures the Shire of Roebourne receives value for money in its purchasing.
- d. Ensures the Shire of Roebourne is compliant with all regulatory obligations.
- e. Promotes effective governance and definition of the roles and responsibilities
- f. Uphold respect from the public and industry for the Shire of Roebourne's purchasing practices that withstand probity;

2.1. Ethics and Integrity

All officers and employees of the Local Government shall observe the highest standards of ethics and integrity are to be observed in undertaking all purchasing activities. Employees will and act in an honest and professional manner that supports the standing of the Local Government Shire and promotes a proud and collaborative community.

The following principles, standards and behaviours must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties.

1. Full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money.;
2. All purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Shire Local Government policies, values and Code of Conduct.;
3. Purchasing is to be undertaken on a competitive basis in which all potential suppliers are treated impartially, honestly and consistently.
4. All processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies, record keeping practices and audit requirements.;

5. Any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed.
6. Any information provided to the ~~Shire Local Government~~ by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or ~~under~~ relevant legislation.

2.2. Value for Money

Value for money is an overarching principle governing purchasing, that allows the best possible outcome to be achieved for the ~~Local Government Shire~~. ~~It is important to note that compliance with the specification is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing, and service benchmarks.~~

An assessment of the best value for money outcome for any purchasing should consider:

- a) ~~a~~All relevant whole-of-life costs and benefits, whole of life cycle costs (for goods) and whole of contract life costs (for services) including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance and disposal.
- b) ~~t~~The technical merits of the goods or services being offered in terms of compliance with specifications, ~~user requirements, quality standards, sustainability, service benchmarks,~~ contractual terms and conditions and any relevant methods of assuring quality;
- c) ~~f~~Financial viability and capacity to supply without risk of default. (Competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history); ~~and~~
- d) ~~a~~A strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable. ~~and~~
- e) local Business capability.

~~Whilst it is necessary to ensure purchasing is conducted within budget, the lowest price offer does not necessarily present the best value for money. As such it is important to ensure all of the above is taken into consideration when determining the most advantageous outcome for the Shire.~~ Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer.

2.3. Effective and Efficient

~~The Shire is committed to using the most efficient, effective and appropriate purchasing processes for the acquisition of goods and services that:~~

- ~~a) ensure all purchasing decisions look for the most efficient and effective solution to every challenge presented;~~
- ~~b) ensure the Shire is compliant with all regulatory obligations;~~
- ~~c) promotes effective governance and definition of the roles and responsibilities within the Shire;~~
- ~~d) encourage collaboration where possible, recognising the interdependence of projects, programmes and initiatives;~~
- ~~a)e) promotes industry and community confidence in the integrity of the Shire's purchasing activities.~~

~~By actively seeking innovative approaches to projects, this will enable the Shire to work towards and deliver on multiple outcomes as identified in the Shire Strategic Community Plan.~~

2.3.2.4. Sustainable Procurement

~~Sustainable Procurement is defined as the procurement of goods and services that have less environmental and social impacts than competing products and services.~~

The Shire is committed to sustainable procurement and where appropriate shall endeavour to design quotations and tenders to minimise environmental and negative social impacts. Sustainable considerations must be balanced against value for money outcomes in accordance with the Shire's sustainability objectives.

2.4.2.5. Supporting Local Industry

The Shire ~~of Roebourne~~ shall seek to maximise the use of competitive local businesses in goods and services purchased or contracted on behalf of Council.

In order to support and promote local business partnerships, Council has adopted the CF-5 Regional Price Preference Policy that may be applied for the procurement of goods and/or services ~~via the tender process.~~

This policy shall be read in conjunction with Council's CF-5 Regional Price Preference Policy.

2.5.2.6. Purchasing Thresholds

There is to be a different treatment to be applied in terms of procurement of goods and services that is based on the value of the procurement. This is summarised in the below Table. The below table identifies the requirements for each purchasing threshold. When determining which threshold to observe, the value of procurement (ex GST) is to include the full term of the contract, including extension options where applicable.

| Amount of Purchase (ex-GST) | Requirements |
|---|---|
| Up to \$5,000 | Direct purchase from suppliers requires one verbal quotation. |
| \$5,001 - \$50,000 | Obtain at least three verbal or written quotations. |
| \$50,001 - \$100,000 <u>\$99,999</u> | Obtain at least three written quotations |
| \$100,000 and above | Conduct a public tender process. |

The principles for obtaining and recording both verbal and written quotations as outlined in this policy and detailed within the Shire's Purchasing Guidelines, must be observed when seeking quotations.

Where it is considered beneficial, public tenders may be called in lieu of seeking quotations for purchases under the \$100,000 threshold (excluding GST). When the If a decision is made to ~~conduct a public tender, seek public tenders for contracts of less than \$100,000, at the~~ Request for Tender process as that entails all the procedures for tendering outlined in this policy and detailed in the Shire's Purchasing Guidelines, must be followed in full.

The principles for obtaining and recording both verbal and written quotations as outlined in this policy and detailed within the Shire's Purchasing Guidelines, must be observed when seeking quotations.

2.5.1.2.6.1. Procurement values Up to \$5,000

Where the value of procurement of goods and/or services does not exceed \$5,000, purchasing is permitted on the basis that a minimum of one verbal quotation (as a minimum) is obtained, and the purchase must be within budget allowances. It is recommended to use professional discretion and occasionally undertake market testing with a greater number or more formal forms of quotation to ensure best value is maintained.

2.5.2.2.6.2. Procurement values Between \$5,001 to \$50,000

This category is for the procurement of goods or services where the value of such procurement ranges between \$5,001 and \$50,000.

Where the value of procurement of good and/or services is between \$5,000 and \$50,000 At least a minimum of three verbal or written quotations (or a combination of both) are required. In determining whether to obtain verbal or written quotations, it is important to consider the nature and complexity of the goods and/or services to be acquired. If the purchase is simple and straight forward a verbal

quotation may suffice. However where the scope of work is detailed and complex a written quotation will ensure suppliers fully understand and deliver on the Shire's requirements and expectations. ~~Where this is not practical, e.g. due to limited suppliers, it must be noted through records relating to the process.~~

~~The general principles for obtaining verbal quotations are:~~

- ~~a. Ensure that the requirement / specification is clearly understood by the Local Government employee seeking the verbal quotations.~~
- ~~b. Ensure that the requirement is clearly, accurately and consistently communicated to each of the suppliers being invited to quote.~~
- ~~c. Read back the details to the Supplier contact person to confirm their accuracy.~~
- ~~d. Written notes detailing each verbal quotation must be recorded.~~

~~Record keeping requirements must be maintained in accordance with purchasing procedures.~~

2.5.3.2.6.3. Procurement values ~~B~~etween \$50,001 to \$99,999

~~For the procurement of goods or services where the value exceeds \$20,000 but is less than \$100,000, it is required to obtain at least three written quotes.~~

Where the value procurement of goods and/or services is between \$50,001 and \$99,999 a minimum of three written quotations is required. It is expected that due diligence is demonstrated when seeking quotations within this range and a formal Request for Quotation document is used. This will ensure a sufficient amount of information is communicated to suppliers relating to, but not limited to the specification, conditions of responding, considerations and any other information that will assist the Shire in obtaining quality goods and/or services.

~~The responsible officer is expected to demonstrate due diligence seeking quotes and to comply with any record keeping and audit requirements. Record keeping requirements must be maintained in accordance with purchasing procedures.~~

NOTES: ~~The general principles relating to written quotations are that they will include the following requirements:~~

- ~~a. An appropriately detailed specification to communicate requirement(s) in a clear, concise and logical fashion.~~
- ~~b. The request for quotation will include as a minimum:-~~
 - ~~○ Written Specification~~
 - ~~○ Selection Criteria to be applied~~
 - ~~○ Price Schedule~~
 - ~~○ Conditions of responding~~
 - ~~○ Validity period of offer~~
- ~~c. Invitations to quote will be issued simultaneously to ensure that all parties receive an equal opportunity to respond.~~
- ~~d. All prospective suppliers to be advised at the same time of any new information that is likely to change the requirements.~~
- ~~e. Responses should be assessed for compliance, then against the selection criteria, and then value for money and all evaluations documented.~~
- ~~f. Respondents will be advised in writing as soon as possible after the final determination is made and approved.~~

2.5.4.2.6.4. Procurement values greater than \$100,000 and above

~~For requisitions over \$100,000 a public tender must be called as per s3.57 of the Local Government Act 1995 and Local Government (Functions & General) Regulations Part 4 – Tenders for Providing Goods and Services. For the procurement of goods and/or services where the value exceeds \$100,000, it is a legislative requirement to conduct a public tender process as per section 3.57 of the Local Government Act 1995 and Part 4 of the Local Government (Functions and General) Regulations 1996. The decision to invite tenders shall either be determined via Council resolution, or the relevant delegation of authority, as detailed within the Delegations and Authorisations Register and CE-13 Tender Evaluation Criteria Policy.~~

2.6.2.7. Authorisation of Expenditure

2.7.1.Awarding Quotations

~~Acceptance of quotations and the authorisation of expenditure shall comply with the Shire's Purchasing Guidelines and the relevant delegation of authority as detailed within the Delegations and Authorisations Register. the Shire's purchasing requirements, associated policies and procedures, and within the relevant delegation of authority.~~

~~All purchases of goods or services other than those goods or services deemed an emergency or those outside of normal business hours are only to be purchased after the approval and receipt of a relevant purchase order.~~

2.7.2.Awarding Tenders

~~The award of tTenders and the authorisation of expenditure is to either be approved via Council resolution or comply with the relevant delegation of authority as detailed within the Delegations and Authorisations Register and CE-13 Tender Evaluation Criteria Policy. The Shire's Purchasing Guidelines must also~~shall be observed.

2.7.3.Emergency Expenditure

~~The commitment to purchase goods and or services during an emergency that threatens life, property or equipment must be authorised by the Shire President or otherwise delegated.~~

2.8. Testing the Market

~~Prior to entering into a quotation or tTender process, the following purchasing methods can be used to formally test the market.~~

- ~~1. A Request for Proposal (RFP) may be used when the goods and/or services to be purchased aren't definable and the goal is to receive a solution to a problem and then a quote for the solution.~~
- ~~2. An Expression of Interest (EOI) may be called prior to a Request for Tender (RFT) to ascertain the markets ability to provide the goods and/or services due to the specialised nature of the goods and/or services or the cost of preparing plans, specifications or other information.~~

~~If after testing the market, the decision is made to continue with the purchase of goods and/or services, the requirements of the relevant purchasing threshold must be observed.~~

2.9. Health and Safety

~~With all purchasing decisions, consideration must be given to the relevant health and safety implications of the goods and/or services being sought.~~

~~A risk assessment should be completed prior to the purchase of new or unfamiliar plant, equipment, products or chemical substances to ensure the purchase meets relevant statutory requirements and is suitable and safe for the purpose intended.~~

~~When a Contractor is engaged to carry out works either in full, or in part on Shire premises and/or worksites, the minimum requirements as detailed within the Shire's Contractor OHS Compliance Guidelines shall apply.~~

2.10. Regulatory Compliance

2.6.1.2.10.1. Waiving Quotations and Public Tenders

Requests for quotations or calling of public tenders may be waived where:

- ~~a) The goods or services are going to be supplied under an existing contract in conformity with the Local Government (Functions and General) Regulations 1996 Part 4 (11)(2)(b) or (e) or tenders have been invited.~~
- ~~b) a) An emergency situation exists that threatens life, property or equipment. the purchase is for an emergency situation as defined under section 6.8(1)(c) of the Act. The expenditure must be authorised by the Shire President and then subsequently reported to Council at the next ordinary Council meeting;~~
- ~~c) A bona fide sole source of supply exists where the market is tested periodically.~~
- b) the Shire has reason to believe that due to the unique nature of the goods and/or services required, there is genuinely only one source of supply. The application of a 'sole source of supply' should only occur in limited cases, where proven market testing has been periodically undertaken in order to find alternative suppliers **and with Council approval**;
- c) ~~t~~The ~~p~~Provision of goods **and/or** services is provided under warranty or relates to specific manufacturer repairs;
- d) the supply of the goods and/or services is obtained through a tender exempt organisation such as a Preferred Supplier Contract via WALGA, a Common Use Arrangement, Regional Local Government or another Local Government
- e) the purchase is under auction which has been authorised by Council;
- ~~d)f) any of the other exclusions under Regulation 11 of the Functions and General Regulations 1996 apply.-~~
- ~~e) When it is not possible to obtain 3 comparable quotations, the details related to the circumstance will be recorded subject to the approval of the relevant Director.~~
- ~~f) Suppliers provide a current price list.~~

~~Quotations are not required when the goods or services are going to be supplied under an existing contract in conformity with the Local Government (Functions and General) Regulations 1996 Part 4 (11)(2)(b) or (e) or tenders have been invited.~~

2.10.2. Anti Avoidance

The Shire shall not avoid the requirement to conduct a public tender by entering into two (2) or more contracts of a similar nature in order to split the value of the contract.

A public tender should be considered in the circumstances whereby a quotation is obtained for the purchase of good or services, however it is likely that variations to the scope may occur, which would result in the contract value exceeding the tender threshold.

2.10.3. No Tenders Received

Where the Shire has invited tenders, however no compliant submissions have been received, direct purchases can be arranged on the basis that:

- a) the specification for goods and/or services remains the same;
- b) a minimum of three written quotations are obtained, as per the requirements for seeking quotations between the \$50,001 and \$99,999 threshold; and
- c) the purchasing is arranged within six (6) months of the closing date of the lapsed tender.

Alternatively a Council Resolution may be obtained to negotiate directly with a selected supplier.

2.10.4. Minor Variation

If after the tender has been publicly advertised and a successful tenderer has been chosen, but before the Shire and tenderer have entered into a contract, a minor variation may be made by the Shire. A minor variation will not alter the nature of the goods and/or services, nor will it materially alter the specification provided for by the initial tender.

2.11. Records Management

All records associated with procurement must be recorded and retained as per the Shire's CI-2 Record Keeping Policy, procedures, Purchasing Guidelines and the *State Records Act 2000*.

3. CONSEQUENCES

This policy represents the formal policy and expected standards of the Shire of Roebourne. Appropriate approvals need to be obtained prior to any deviation from the policy. It is imperative that Councillors and Officers retain appropriate documentation to substantiate their expenditure. Elected Members and Employees are reminded of their obligations under the Shire's Code of Conduct ~~2011~~ to give full effect to the lawful policies, decisions and practices of the Shire.

4. ROLES AND RESPONSIBILITIES

It is the responsibility of ALL STAFF to ensure that they adhere to the ~~policy, direction and legislation requirements of this policy in conjunction with the related policies, guidelines and legislation to ensure effective and transparent procurement practices are observed.~~

5. REFERENCES TO RELATED DOCUMENTS

- ~~CF5 – REGIONAL PRICE PREFERENCE POLICY~~
- ~~Local Government Act 1995, section 3.57 – Tenders for Providing Goods and Services~~
- ~~Local Government (Functions and General) Regulations 1996, Part 4 – Tenders for Providing Goods and Services~~
- ~~State Records Act 2000~~
- ~~Shire of Roebourne Code of Conduct 2011~~
- ~~Shire of Roebourne Purchasing Manual and Guidelines~~
- ~~Shire of Roebourne Delegations and Authorisations Register~~
- ~~Shire of Roebourne Strategic Community Plan~~
- ~~Shire of Roebourne Contractor OHS Compliance Guidelines~~
- ~~CE-13 Tender Evaluation and Criteria Policy~~
- ~~CF-5 – Regional Price Preference Policy~~
- ~~CI-2 – Record Keeping Policy~~

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This Policy takes effect from the date of adoption by Council and shall remain valid until it is amended or deleted.