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| POLICY NO | CP/FIN-3204 | | |
| POLICY | Purchasing | | |
| RESPONSIBLE DIRECTORATE | Corporate Services | | |
| RESPONSIBLE OFFICER | Senior Procurement and Contracts Officer | | |
| COUNCIL ADOPTION | Date: 18/06/2013 | Resolution No: 10096 | |
| REVIEWED/MODIFIED | Date: 26/05/2015 | Resolution No: 10949 | |
| | Date: 31/05/2016 | Resolution No: 11380 | |
| | Date: 30/08/2016 | Resolution No: 11466 | |
| | Date: 31/01/2017 | Resolution No: 11593 | |
| | Date: 26/04/2017 | Resolution No: 11664 | |
| | Date: 22/08/2017 | Resolution No: 11769 | |
| | Date: 24/07/2018 | Resolution No: 115818 | |
| | Date: 27/08/2019 | Resolution No: 118081 | |
| | Date: 24/03/2020 | Resolution No: 118184 | |
| | Date: 23/06/2020 | Resolution No: 118265 | |
| | | Date: 24/08/2021 | Resolution No: 118514 |
| | | <u>Date: 25/10/2022</u> | <u>Resolution No:</u> |
| REVIEW DUE | Date: October <u>June</u> 202 <u>4</u> 2 | | |
| LEGISLATION | <ol style="list-style-type: none"> 1. Local Government Act 1995 – Sections 2.7, 3.57 2. Local Government (Functions and General) Regulations 1996: <ul style="list-style-type: none"> – Part 4 – Provision of Goods and Services – Part 4A – Regional Price Preference 3. State Records Act 2000 | | |
| RELATED POLICIES | <ol style="list-style-type: none"> 1. CP/FIN-3218 Pre-Qualified Supplier Panel 2. CP/FIN-3217 Regional Price Preference 3. CP/FIN-3213 – Corporate Credit Cards | | |
| RELATED PROCEDURES | <ol style="list-style-type: none"> 1. AP/FIN-4202 Purchasing Process 2. AP/FIN-4204 Purchasing Process: Public Tender/Expression of Interest 3. OD/PC 4281 Pre-Qualified Supplier Panels 4.1 OD/FIN-4202 Issue and Use of Corporate Credit Cards | | |

Commented [LL1]: Amendment 1

Old review dates have been removed only the current adoption date and two other review dates required. An audit trail can be followed by viewing previous versions of the Policy and or in the Shire record keeping system.

PURPOSE:

The purpose of this Policy is to demonstrate the Council's commitment to delivering best practice in the Shire of Wyndham East Kimberley's ("the Shire") purchasing of goods, services and works that align with the principles of transparency, probity and good governance in accordance with the *Local Government Act 1995* ("the Act") and the *Local Government (Functions and General) Regulations 1996* ("the Regulations").

DEFINITIONS:

Authorising Officer is a Shire of Wyndham East Kimberley employee who is registered in the sub-delegation register as authorised by the Chief Executive Officer to incur expenditure and claims for payment, within a specific monetary limit.

~~A **Contract** is defined as a legally binding agreement between the Shire and another Party for the supply of goods and/or services. A Purchase Order is a contract.~~

CUA or **Common Use Arrangement** is a Department of Finance whole of government buying arrangement that is available to approved local governments.

~~A **Deduction** includes a fixed amount or percentage that has been authorised to be subtracted from an employee's income.~~

~~A **Grant** is a sum of money given by the Shire of Wyndham East Kimberley to an eligible recipient (grantee) for a particular purpose following an application and assessment process.~~

Preferred Supplier is a supplier appointed to a WALGA Preferred Supplier Panel.

Pre-Qualified Supplier Panel is a panel of suppliers who have been appointed for the supply of goods and / or services following a public tender process by the Shire of Wyndham East Kimberley.

Purchase is the acquisition of a good or service to achieve council business and is inclusive of purchasing, hire, lease, rental, exchange or any other commercial transaction involving the outlay of funds in return for the provision of goods, services equipment and related services, construction and service contracts. A purchase is not a Reimbursement, a transfer to another organisation of a Deduction, a Refund, a Grant or Sponsorship.

~~A **Refund** is a repayment of a sum of money.~~

~~A **Reimbursement** is a repayment of funds that have been expended by an employee undertaking business on behalf of the Shire of Wyndham East Kimberley.~~

Requisitioning Officer is a Shire of Wyndham East Kimberley employee who has Shire system access to raise a purchase requisition. This employee will not necessarily have purchasing authority, in which case, the requisition, and associated documentation is forwarded to an Authorising Officer for consideration.

~~**Term Contract** is a Contract with a supplier for the supply of goods and / or services for a predetermined period of time.~~

VendorPanel is the Shire's web-based procurement platform for seeking Request for Quotations, Public Tenders and WALGA Preferred Supplier Panels.

WALGA Preferred Supplier Panel is a panel of suppliers for the supply of goods and / or services which has been established for local government use.

Local Supplier is a supplier located within the Shire of Wyndham East Kimberley

Commented [LL2]: Amendment 2

Removed definitions that have a common meaning or term for the purpose of creating a more succinct Policy.

1. PURCHASING

1.1. OBJECTIVES

The Shire's purchasing activities will:

- a) Achieve best value for money that considers sustainable benefits, such as; environmental, social and local economic factors;
- b) Foster economic development by maximising participation of local businesses in the delivery of goods and services;
- c) Use consistent, efficient and accountable purchasing processes and decision-making, including; competitive quotation processes, assessment of best value for money and sustainable procurement outcomes for all purchasing activity, including tender exempt arrangements;
- d) Apply fair and equitable competitive purchasing processes that engage potential suppliers impartially, honestly and consistently;
- e) Commit to probity and integrity, including the avoidance of bias and of perceived and actual conflicts of interest;
- f) Comply with the *Local Government Act 1995, Local Government (Functions and General) Regulations 1996*, other relevant legislation, Codes of Practice, Standards and the Shire's Policies and procedures;
- g) Ensure purchasing outcomes contribute to efficiencies (time and resources) for the Shire;
- h) Identify and manage risks arising from purchasing processes and purchasing outcomes in accordance with the Shire's Risk Management framework;
- i) Ensure records evidence purchasing activities in accordance with the *State Records Act 2000* and the Shire's Record Keeping Plan;
- j) Ensure confidentiality that protects commercial-in-confidence information and only releases information where appropriately approved.

~~The Council believes that overall policy must be underpinned by sound principles, which are well understood, communicated to the community and compliant with current legislation. The Council's objectives in establishing this Policy is to:~~

~~Ensure best practice policies and procedures are followed in relation to the internal purchasing for the Shire of Wyndham East Kimberley.~~

~~Ensure compliance with the *Local Government Act 1995* and the *Local Government Act (Functions and General) Regulations 1996*.~~

~~Ensure compliance with the *State Records Act 2000* and associated records management practices and procedures of the Shire.~~

~~To undertake purchasing processes that ensures value for money for the Shire by delivering the most advantageous outcome possible.~~

~~To ensure openness, transparency, fairness and equity through the purchasing process to all~~

Commented [LL3]: Amendment 3

Entire Policy updated to the WALGA Industry Standard template. The new standard Policy is substantially the same as the existing SWEK Purchasing Policy. The new WALGA template provides better comprehension and direction for purchasing activities. The changes also provide a Priority Ranking Scale that encourages local governments to purchase from local suppliers which in turn encourages circular economies.

~~potential suppliers therefore strengthening integrity and confidence in the purchasing process.~~

~~To ensure efficient and consistent purchasing processes are implemented and maintained across the Shire. Ensure compliance with the State Records Act 2000 and associated records management practices and procedures of the Shire.~~

4.1.1.2. ETHICS & INTEGRITY

4.1.1.2.1. Code of Conduct

All officers and employees of the Shire undertaking purchasing activities must have regard for the requirements contained in the Code of Conduct for Council Members, Committee Members and Employees ("the Code of Conduct") and shall observe the highest standards of ethics and integrity. All officers and employees of the Shire must act in a manner which is honest and professional and supports the standing of the Shire at all times.

4.1.2.1.2.2. Purchasing Principles

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:

- a) 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;
- b) all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Shire's policies and Code of Conduct;
- c) purchasing is to be undertaken on a competitive basis where all potential suppliers are treated impartially, honestly and consistently;
- d) all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies, audit requirements and relevant legislation;
- e) any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed; and
- ~~f) any information provided to the Shire by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation.~~

1.2. VALUE FOR MONEY

1.3.

~~The Shire will apply value for money principles in critically assessing purchasing decisions and acknowledges that the lowest price may not always be the most advantageous.~~

~~Value for money is an overarching principle governing purchasing which allows the best possible outcome to be achieved for the Shire. It is important to note that compliance with the purchasing 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 process should consider:

- a) All relevant Total Costs of Ownership (TCO) and benefits including; transaction costs associated with acquisition, delivery, distribution, and other costs such as, but not limited to; holding costs, consumables, deployment, training, maintenance and disposal;
- b) The technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality. This includes but is not limited to an assessment of compliances, the supplier's resource availability, capacity and capability, value-adds offered, warranties, guarantees, repair and replacement policies and response times, ease of inspection and maintenance, ease of after sales service, ease of communications, etc.
- c) The supplier's financial viability and capacity to supply without the risk of default, including the competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history;
- d) A strong element of competition by obtaining a sufficient number of competitive quotations consistent with this Policy, where practicable;
- e) The safety requirements and standards associated with both the product design and the specification offered by suppliers and the evaluation of risk arising from the supply, operation and maintenance;
- f) The environmental, economic and social benefits arising from the goods, services or works required, including consideration of these benefits in regard to the supplier's operations, in accordance with this Policy and any other relevant Shire Policy including Local Economic Benefit; and
- g) Analysis and management of risks and opportunities that may be associated with the purchasing activity, potential supplier/s and the goods or services required.
 - ~~all relevant Total Costs of Ownership (TCO) and benefits 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;~~
 - ~~the technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality, including but not limited to an assessment of levels and currency of compliances, value adds offered, warranties, guarantees, repair and replacement policies, ease of inspection, ease of after sales service, ease of communications etc.;~~
 - ~~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);~~
 - ~~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;~~
 - ~~the safety requirements associated with both the product design and specification offered by suppliers and the evaluation of risk when considering purchasing goods and services from suppliers; and~~
 - ~~providing opportunities for businesses within the Shire of Wyndham East Kimberley to be given the opportunity to quote for providing goods and services wherever possible.~~

1.4. PURCHASING THRESHOLDS AND PRACTICES

1.4.1. Defining the Purchasing Value

The Shire will apply reasonable and consistent methodologies to assess and determine Purchasing Values, which ensure:

- a) The appropriate purchasing threshold and practice is applied in all purchasing activities; and
- b) Wherever possible, purchasing activity for the same category of supply is aggregated into single contract arrangements to achieve best value and efficiency in future purchasing activities where the requirements are able to be provided by a single supplier.

A **category of supply** can be defined as groupings of similar goods or services with common: supply and demand drivers; market characteristics; or suppliers.

1.4.2. Strategic Purchasing Value Assessments

The Shire will periodically review recent past purchasing activity across its operations to identify categories of supply for which the Shire will have continuing need and which can be aggregated into single contract arrangements in order to achieve best value for money and efficiency in future purchasing activity.

The assessment of aggregated expenditure for the same category of supply capable of being supplied by a single supplier will determine the Purchasing Value threshold applicable to future purchasing activity.

1.4.3. Individual Purchasing Value Assessments

In any case, where there is no relevant current contract, each purchasing activity is to assess the Purchasing Value based upon the following considerations:

- a) Exclusive of Goods and Services Tax (GST); and
- b) The estimated total expenditure for the proposed supply including the value of all contract extension options and where applicable, the total cost of ownership considerations.
- c) The appropriate length of a contract is to be determined based on market volatility, ongoing nature of supply, historical purchasing evidence and estimated future purchasing requirements.
- d) Requirements must not be split to avoid purchasing or tendering thresholds [F&G Reg. 12].

The calculated estimated Purchasing Value will determine the applicable threshold and purchasing practice to be undertaken.

1.4.4. Table of Purchasing Thresholds and Practices

(1) Supplier Order of Priority

The Shire will consider and apply, where applicable, the following Supplier Order of Priority:

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| Priority 1: | <u>Existing Prequalified Supplier Panel or other Contract</u> Current contracts, including a Panel of Prequalified Suppliers or contracted supplier, must be used where the Shire supply requirements can be met through the existing contract. |
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Commented [LL4]: Amendment 4

The new 'Table of Purchasing Thresholds' provides better direction around purchasing practices by setting an order of priority for assessments. Note: the order of priority supports local businesses. First priority is to use our own Panel Contracts. Panel Contracts are most commonly formed from local suppliers. The second priority is to support local business. This new section will allow officers to set assessment criteria that reflect these priorities.

Secondly, we have recommended to increase the lower purchasing threshold from \$1000 to \$5000 as it will improve operational efficiencies when making low spend low risk purchases. It will also help small local businesses as they will no longer be required to complete a lengthy written quote process for small value gains. Shire officers will be able to source in person directly from local business premises and or via verbal quotes for all purchases under \$5000.

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| | <p><u>If the Shire/Town/City does not have a current contract relevant to the required supply, then a relevant WALGA PSA is to be used.</u></p> |
| Priority 2: | <p><u>Local Suppliers</u> <u>Where the Purchasing Value does not exceed the tender threshold and a relevant local supplier is capable of providing the required supply, the Shire will ensure that wherever possible quotations are obtained from local suppliers permanently located within the District as a first priority, and those permanently located within surrounding Districts as the second priority.</u></p> <p><u>If no relevant local supplier is available, then a relevant WALGA PSA may be used.</u></p> |
| Priority 3: | <p><u>Tender Exempt - WALGA Preferred Supplier Arrangement (PSA) [F&G Reg. 11(2)]</u> <u>Use a relevant WALGA PSA regardless of whether or not the Purchasing Value will exceed the tender threshold.</u></p> <p><u>However, if a relevant PSA exists but an alternative supplier is considered to provide best value, then the CEO, or an officer authorised by the CEO, must approve the alternative supplier. Reasons for not using a PSA may include:</u></p> <ul style="list-style-type: none"> <u>i. Local supplier availability (that are not within the PSA); or</u> <u>ii. Social procurement – preference to use Aboriginal business or Disability Enterprise.</u> <p><u>If no relevant WALGA PSA is available, then a relevant State Government CUA may be used.</u></p> |
| Priority 4: | <p><u>Tender Exempt - WA State Government Common Use Arrangement (CUA) [F&G Reg. 11(2)]</u> <u>Use a relevant CUA regardless of whether or not the Purchasing Value will exceed the tender threshold.</u></p> <p><u>However, if a relevant CUA exists, but an alternative supplier is considered to provide best value for money, then the proposed alternative supplier must be approved by the CEO, or an officer authorised by the CEO.</u></p> <p><u>If no relevant CUA is available, then a Tender Exempt [F&G Reg.11(2)] arrangement may be used.</u></p> |
| Priority 5: | <p><u>Other Tender Exempt arrangement [F&G Reg. 11(2)]</u> <u>Regardless of whether or not the Purchasing Value will exceed the tender threshold, the Shire will investigate and seek quotations from tender exempt suppliers, and will specifically ensure that wherever possible quotations are obtained from a WA Disability Enterprise and / or an Aboriginal Owned Business that is capable of providing the required supply.</u></p> |
| Priority 6: | <p><u>Other Suppliers</u> <u>Where there is no relevant existing contract or tender exempt arrangement available, purchasing activity from any other supplier is to be in accordance with relevant Purchasing Value Threshold and Purchasing Practice specified in the table below.</u></p> |

The requirements that must be complied with by the Shire officers, including purchasing

~~thresholds and processes, are prescribed within the *Regulations* and this Purchasing Policy.~~

~~Determining purchasing value is to be based on the following considerations:~~

- ~~1. Exclusive of Goods and Services Tax (GST);~~
- ~~2. The actual or expected value of a Contract over the full contract period (including all options to extend); or~~
- ~~3. The extent to which it could be reasonably expected that the Shire will continue to purchase a particular category of goods, services or works and what total value is or could be reasonably expected to be purchased.~~

~~Any purchasing activity must be undertaken in accordance with the Shire officer's sub-delegated purchasing authority limit as approved by the Chief Executive Officer and outlined in the sub-delegation register.~~

~~In some cases, suppliers may not respond to a request for quotation. In this instance, Shire officers must provide documentation to demonstrate their attempt to source the required number of quotations as outlined in Table A, however non responses should not delay any purchasing activity unless it would be considered inappropriate to proceed.~~

(2) Purchasing Practice Purchasing Value Thresholds Table A

The Purchasing Value, assessed in accordance with clause 1.4.1, determines the Purchasing Practice to be applied to the Shire's purchasing activities.

| Purchasing Thresholds (ex-GST) | Policy Requirements |
|---------------------------------|---|
| Up to \$1,000 | <p>Consult as to whether an existing arrangement (Term Contract or Pre-Qualified Supplier Panel) exists and use as prescribed, and where appropriate.</p> <p>If no arrangement exists:</p> <p>Purchase directly from a supplier. No quotations are required prior to purchase.</p> <p>In the case of goods / services which are available locally, the purchase may occur directly with a Local Supplier, as considered appropriate by the officer, even if the good / service can be supplied by a non-local supplier at a cheaper price, provided sufficient budget provisions are available and the price difference is not greater than 20%.</p> <p>Officers must ensure that they use their professional knowledge and expertise in the purchasing process.</p> |
| Over \$1,000 and Up to \$10,000 | <p>Consult as to whether an existing arrangement (Term Contract or Pre-Qualified Supplier Panel) exists and use as prescribed, and where appropriate.</p> <p>If no arrangement exists:</p> <p>Attempt to seek a minimum of two (2) written quotations from suitable market suppliers using a simple quotation process, either in writing or using</p> |

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| | <p>VendorPanel eQuotes.</p> <p>In the case of goods / services which are available locally, the purchase may occur with a Local Supplier, as considered appropriate by the officer, if the price difference between a local and non-local supplier does not exceed \$200 or 10%, whichever is the greater, provided sufficient budget provisions are available.</p> <p>OR</p> <p>Attempt to seek a minimum of two (2) written quotations utilising a WALGA Preferred Supplier Panel via VendorPanel eQuotes. In the instance there are more than two (2) Preferred Suppliers on the panel, quotations must be sought from each Preferred Supplier, as considered appropriate by the officer.</p> <p>OR</p> <p>Utilise a CUA approved for local government use in accordance with the CUA Buyers Guide.</p> |
| <p>Over \$10,000 and Up To \$50,000</p> | <p>Consult as to whether an existing arrangement (Term Contract or Pre-Qualified Supplier Panel) exists and use as prescribed, and where appropriate.</p> <p>If no arrangement exists:</p> <p>Attempt to seek at minimum of three (3) written quotations using VendorPanel eQuotes from suitable market supplies.</p> <p>OR</p> <p>Attempt to seek a minimum of three (3) written quotations utilising a WALGA Preferred Supplier Panel via VendorPanel eQuotes. In the instance there are more than three (3) Preferred Suppliers on the panel, quotations must be sought from each Preferred Supplier, as considered appropriate by the officer.</p> <p>OR</p> <p>Utilise a CUA approved for local government use in accordance with the CUA Buyers Guide.</p> <p>In all instances, the CP/FIN-3217 Regional Price Preference Policy is to be applied*.</p> |
| <p>Over \$50,000 and Up To \$250,000</p> | <p>Consult as to whether an existing arrangement (Term Contract or Pre-Qualified Supplier Panel) exists and use as prescribed, and where appropriate.</p> <p>If no arrangement exists:</p> <p>Attempt to seek a minimum of three (3) written quotations from suitable market suppliers using VendorPanel eQuotes.</p> <p>OR</p> <p>Attempt to seek a minimum of three (3) written quotations utilising a WALGA Preferred Supplier Panel via VendorPanel eQuotes. In the instance there are more than three (3) Preferred Suppliers on the panel, quotations must be</p> |

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| | <p>sought from each Preferred Supplier, as considered appropriate by the officer.</p> <p>OR</p> <p>Utilise a CUA approved for local government use in accordance with the CUA Buyers Guide.</p> <p>In all instances, the request is to be compiled using an appropriate Request for Quotation template and is to include; a specification of goods and services, and assigned quantitative and qualitative criteria with predetermined weightings*.</p> <p>The procurement decision is to be based on all value for money considerations in accordance with the definition stated within this Policy*.</p> <p>In all instances, the <i>CP/FIN-3217 Regional Price Preference Policy</i> is to be applied*.</p> |
| Purchasing Thresholds (as GST) | Policy Requirements |
| \$250,000 and above | <p>Consult as to whether an existing arrangement (Term Contract or Pre-Qualified Supplier Panel) exists and use as prescribed, and where appropriate.</p> <p>If no arrangement exists:</p> <p>Pursue a Tender Exempt arrangement (i.e. WALGA PSA, or other tender exemption under <i>F&C Reg.11(2)</i>) attempting to seek a minimum of three (3) written responses from suppliers by invitation under a formal Request for Quotation</p> <p>OR</p> <p>Utilise a CUA approved for local government use in accordance with the CUA Buyers Guide.</p> <p>OR</p> <p>Conduct a Public Tender in accordance with the <i>Local Government Act 1995</i> and this Policy.</p> <p>In all instances, the request is to be compiled using an appropriate Request for Quotation/Tender template and is to include; a specification of goods and services, and assigned quantitative and qualitative criteria with predetermined weightings*.</p> <p>The procurement decision is to be based on all value for money considerations in accordance with the definition stated within this Policy*.</p> <p>In all instances, the <i>CP/FIN-3217 Regional Price Preference Policy</i> is to be applied*.</p> |
| Purchase Value Threshold | Purchasing Practice |

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| <u>(ex GST)</u> | |
| <u>Up to \$5,000</u> <u>(ex GST)</u> | <p><u>Obtain at least one (1) verbal or written quotation from a suitable supplier in accordance with the Supplier Order of Priority detailed in clause 1.4.2(1).</u></p> <p><u>Officers must ensure that they use their professional knowledge and expertise in the purchasing process.</u></p> <p><u>The purchasing decision is to be evidenced in accordance with the Shire's Record Keeping Plan.</u></p> <p><u>Purchase directly from a supplier. No formal quotations are required prior to purchase.</u></p> |
| <u>From \$5,001</u> <u>and up to</u> <u>\$20,000</u> <u>(ex GST)</u> | <p><u>Attempt to seek at least two (2) written quotations from suitable suppliers using VendorPanel or in writing in accordance with the Supplier Order of Priority detailed in clause 1.4.2(1).</u></p> <p><u>The purchasing decision is to be based upon assessment of the suppliers response to:</u></p> <ul style="list-style-type: none"> <u>• a brief outline of the specified requirement for the goods; services or works required; and</u> <u>• Value for Money criteria, not necessarily the lowest price.</u> <p><u>The purchasing decision is to be evidenced in accordance with the Shire's Record Keeping Plan.</u></p> |
| <u>From</u> <u>\$205,001</u> <u>and up to</u> <u>\$50,000</u> <u>(ex GST)</u> | <p><u>Attempt to seek at least three (3) written quotations from suitable suppliers using VendorPanel* in accordance with the Supplier Order of Priority detailed in clause 1.4.2(1).</u></p> <p><u>The purchasing decision is to be based upon assessment of the suppliers response to:</u></p> <ul style="list-style-type: none"> <u>• a brief outline of the specified requirement for the goods; services or works required; and</u> <u>• Value for Money criteria, not necessarily the lowest price.</u> <p><u>The purchasing decision is to be evidenced using the VendorPanel Evaluation Tool.</u></p> |
| <u>From</u> <u>\$50,001 and</u> <u>up to</u> <u>\$250,000</u> <u>(ex GST)</u> | <p><u>Attempt to seek at least three (3) written responses from suppliers by invitation under a formal Request for Quotation in VendorPanel* in accordance with the Supplier Order of Priority detailed in clause 1.4.2(1).</u></p> <p><u>The Request for Quotation is to be compiled using an appropriate Shire Request for Quotation template. The Request for Quotation is to be reviewed by the Shire's Procurement Team prior to its release to invited suppliers.</u></p> <p><u>The purchasing decision is to be based upon assessment of the suppliers response to:</u></p> <ul style="list-style-type: none"> <u>• a detailed written specification for the goods, services or works required; and</u> <u>• pre-determined selection criteria that assesses all best and sustainable value considerations.</u> <p><u>The purchasing decision is to be evidenced using the VendorPanel</u></p> |

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| | <u>Evaluation Tool.</u> |
| <u>Over \$250,000 (ex GST)</u> | <p>Tender Exempt arrangements (i.e. WALGA PSA, CUA or other tender exemption under <i>F&G Reg.11(2)</i>) require at least three (3) written responses from suppliers by invitation under a formal Request for Quotation in VendorPanel* in accordance with the Supplier Order of Priority detailed in clause 1.4.2(1).</p> <p>OR</p> <p>Public Tender undertaken in accordance with the <i>Local Government Act 1995</i> and relevant Shire Policy and procedures. Public Tenders are to be undertaken in VendorPanel*.</p> <p>The Tender Exempt or Public Tender purchasing decision is to be based on the suppliers response to:</p> <ul style="list-style-type: none"> • <u>A detailed specification; and</u> • <u>Pre-determined selection criteria that assesses all best and sustainable value considerations.</u> <p>Procurement exceeding \$250,000 is to be managed by the Shire's Procurement Team and a minimum of two Shire officers and a Director are to participate in the evaluation process.</p> <p>The purchasing decision is to be evidenced using the VendorPanel Evaluation Tool and the Evaluation Report template.</p> |
| <u>Emergency Purchases (Within Budget)</u> <u>Refer to Clause 1.4.3</u> | <p>Where goods or services are required for an emergency response and are within scope of an established Panel of Pre-Qualified Supplier or existing contract, the emergency supply must be obtained from the Panel or existing contract using relevant unallocated budgeted funds.</p> <p>If there is no existing Panel or contract, then clause 1.4.2(1) Supplier Order of Priority will apply wherever practicable.</p> <p>However, where due to the urgency of the situation; a contracted or tender exempt supplier is unable to provide the emergency supply OR compliance with this Purchasing Policy would cause unreasonable delay, the supply may be obtained from any supplier capable of providing the emergency supply. However, an emergency supply is only to be obtained to the extent necessary to facilitate the urgent emergency response and must be subject to due consideration of best value and sustainable practice.</p> <p>The rationale for policy non-compliance and the purchasing decision must be evidenced using the Emergency Purchases template signed by the CEO.</p> |
| <u>Emergency Purchases (No budget allocation available)</u> <u>Refer for Clause 1.4.3</u> | <p>Where no relevant budget allocation is available for an emergency purchasing activity then, in accordance with s.6.8 of the <i>Local Government Act 1995</i>, the President must authorise, in writing, the necessary budget adjustment prior to the expense being incurred.</p> <p>The CEO is responsible for ensuring that an authorised emergency expenditure under s.6.8 is reported to the next Ordinary Council Meeting.</p> <p>The Purchasing Practices prescribed for Emergency Purchases (within budget) above, then apply.</p> |
| <u>LGIS Services Section</u> | <p>The suite of LGIS insurances are established in accordance with s.9.58(6)(b) of the <i>Local Government Act 1995</i> and are provided as part of a mutual, where WALGA Member Local Governments are the owners of LGIS.</p> |

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| <u>9.58(6)(b)</u> | <u>Therefore, obtaining LGIS insurance services is available as a member-base service and is not defined as a purchasing activity subject to this Policy.</u> |
| <u>Local Government Act</u> | <u>Should Council resolve to seek quotations from alternative insurance suppliers, compliance with this Policy is required.</u> |

*Does not apply to procurement sourced through a CUA*The CEO or CEO's Authorised Officer's approval is required in instances where procurement is to be sourced outside of VendorPanel.

1.4.5. Emergency Purchases

Emergency purchases are defined as the supply of goods or services associated with:

- a) A local emergency and the expenditure is required (within existing budget allocations) to respond to an imminent risk to public safety, or to protect or make safe property or infrastructure assets; OR
- b) A local emergency and the expenditure is required (with no relevant available budget allocation) to respond to an imminent risk to public safety, or to protect or make safe property or infrastructure assets in accordance with s.6.8 of the Local Government Act 1995 and Functions and General Regulation 11(2)(a); OR
- c) A State of Emergency declared under the Emergency Management Act 2005 and therefore, Functions and General Regulations 11(2)(aa), (ja) and (3) apply to vary the application of this policy.

Time constraints, administrative omissions and errors do not qualify for definition as an emergency purchase. Instead, every effort must be made to research and anticipate purchasing requirements in advance and to allow sufficient time for planning and scoping proposed purchases and to then obtain quotes or tenders, as applicable.

1.4.6. Inviting Tenders Though not Required to do so

The Shire may determine to invite Public Tenders, despite the estimated Purchase Value being less than the \$250,000 prescribed tender threshold, but only where an assessment determines that the purchasing requirement cannot be met through a tender exempt arrangement and the use of a public tender process will enhance; value for money, efficiency, risk mitigation and sustainable procurement benefits.

In such cases, the tender process must comply with the legislative requirements and the Shire's tendering procedures [F&G Reg.13].

1.4.7. Expressions of Interest

Expressions of Interest (EOI) will be considered as a prerequisite to a tender process [F&G Reg.21] where the required supply evidences one or more of the following criteria:

- a) Unable to sufficiently scope or specify the requirement;
- b) There is significant variability for how the requirement may be met;
- c) There is potential for suppliers to offer unique solutions and / or multiple options for how the purchasing requirement may be obtained, specified, created or delivered;
- d) Subject to a creative element; or
- e) Provides a procurement methodology that allows for the assessment of a significant number of potential tenderers leading to a shortlisting process based on non-price assessment.

All EOJ processes will be based upon qualitative and other non-price information only.

1.4.8. Unique Nature of Supply (Sole Supplier)

An arrangement with a supplier based on the unique nature of the goods or services required or for any other reason, where it is unlikely that there is more than one potential supplier may only be approved where the:

- a) purchasing value is estimated to be over \$5,000; and
- b) purchasing requirement has been documented in a detailed specification; and
- c) specification has been extensively market tested and only one potential supplier has been identified as being capable of meeting the specified purchase requirement; and
- d) market testing process and outcomes of supplier assessments have been evidenced in records, inclusive of a rationale for why the supply is determined as unique and why quotations / tenders cannot be sourced through more than one potential supplier.

An arrangement of this nature will only be approved by the CEO and for a period not exceeding one (1) year. For any continuing purchasing requirement, the approval must be re-assessed before expiry, to evidence that only one potential supplier still genuinely exists.

3.1. Term Contracts

~~Term Contracts are Contracts established for a set period of time for the supply of specific goods or services from one contracted supplier.~~

~~Term Contracts are established in the following ways:-~~

- ~~a) For Term Contracts with an expected spend of less than \$250,000 over a 3 year period;-
 - ~~a. Via a Request for Quotation process from suitable market suppliers; or~~
 - ~~b. Via a Request for quotation process from a suitable WALGA Pre-Qualified Supplier Arrangement.~~~~
- ~~b) For Term Contracts with an expected spend greater than \$250,000 over a three year period;-
 - ~~a. Following a public tender process; or~~
 - ~~b. Via a Request for quotation process from a suitable WALGA Pre-Qualified Supplier Arrangement.~~~~

3.2. Pre-Qualified Supplier Panels

~~In accordance with Regulation 24AC of the *Regulations*, a Panel of Pre-qualified Suppliers may be created where the Shire determines that there is or will be a continuing need for the particular goods or services to be supplied by pre-qualified suppliers.~~

~~Should the Shire determine that a Panel is beneficial to be created, it must do so in accordance with Part 4, Division 3 of the *Regulations* and in accordance with Policy *CP/FIN 3218 Pre-Qualified Supplier Panels*.~~

3.3. WALGA Preferred Supplier Panel

~~Requisitioning Officers are to refer to the Organisational Directive *AP/FIN 1202 Purchasing Process* for information on the use of WALGA Preferred Supplier Panels.~~

3.4. Purchasing From Common Use Arrangements (CUA)

~~Common-Use Arrangements (CUA) have been established by the Department of Finance and are whole of government buying arrangements. In the instance where a CUA allows for Local Government use, a Requisitioning Officer may purchase from a CUA by following the requirements as stipulated in the CUA's Buying Guide.~~

3.5. Tender Exemptions

~~Tender exemptions apply in instances defined by Part 4, Division 1, Paragraph 11(2) of the Local Government (Functions and General) Regulations 1996~~

~~When making a decision about whether to conduct a public tender or utilise a tender exempt arrangement, the Shire officer should compare the cost and benefits of both processes.~~

~~The compliance requirements, time constraints, costs and risks associated with a public tender should be evaluated against the value delivered by such a process. This should then be compared with the costs and benefits of using a tender exempt arrangement which include direct access to preferred suppliers, full regulatory compliance, risk mitigation, administrative efficiencies and cost savings.~~

1.3.1.1.4.9. Exemptions Relating to Policy Requirements for Quotations

The following are exemptions where the Shire is not required to undertake a competitive purchasing process, only in instances where the total value of the purchase assessed in accordance with section 1.4.1 does not exceed the Public Tender threshold;

1) Procurement of the following goods or services:

- ~~a) An emergency situation as defined by the Act;~~
- ~~b) a) Utilities; including telephone, internet, electricity, water and gas (including Chlorine gas);~~
- ~~e) b) Ongoing software license fees;~~
- ~~d) c) Freight;~~
- ~~e) d) Department of Land Information on-line transactions;~~
- ~~f) e) Motor Vehicle Licensing and Registration;~~
- ~~g) f) Postage;~~
- ~~h) g) Insurance excess;~~
- ~~i) h) Australian Standards Licencing with SAI Global;~~
- ~~j) i) Annual memberships/subscriptions;~~
- ~~k) j) Flights;~~
- ~~l) k) Staff training;~~
- ~~m) l) Conference registration fees;~~
- ~~n) m) Employment of temporary staff members through temporary personnel service agencies;~~
- ~~o) n) Salary Sacrifice arrangements;~~
- ~~p) o) Advertising – Newspaper;~~
- ~~q) p) Advertising – Shire Recruitment;~~
- ~~r) q) Statewide public notice advertisements that are required by legislation;~~
- ~~s) r) Pre-employment medicals and staff medical programs (example; annual flu vaccination program);~~
- ~~t) s) Legal services;~~
- ~~u) t) Talent and expenses associated with Shire events (for example; Kimberley Writers Festival, Australia Day);~~
- ~~v) u) The goods or services are being purchased, supplied by or obtained through the State or Commonwealth government (or any of its agencies) or a local government;~~
- ~~w) v) Goods and Services provided by a WALGA Business Service;~~

- ~~x)w)~~ Goods and Services provided by LGIS;
- ~~y)x)~~ Servicing, repairs and required consumables associated with Original Equipment Manufacturers;
- ~~z)y)~~ Motor vehicle or plant repairs that are identified as part of a service or pre-arranged repair works;
- ~~aa)z)~~ Purchases which are necessary to not void warranty provisions;
- ~~bb)aa)~~ Purchases from plant and / or equipment authorized dealers; and
- ~~ee)bb)~~ Expenses associated with veterinarian services.

2) Corporate Credit Card or Corporate Fuel Card purchases up to the value of \$1,000 (GST exclusive).

~~3) Petty Cash purchases up to the value of \$200 (GST exclusive).~~

It is encouraged for 1(a)-(bb) that where appropriate, Requisitioning Officers obtain a single quote from the nominated goods/services provider for the purposes of assessing budget provisions and raising a Purchase Requisition.

1.3.2.1.4.10. Exemptions Relating to Policy Requirements for Purchase Requisitions and Purchase Orders

The obligation to issue a Purchase Order is not required in the following instances:

- 1) The following goods or services:
 - a) Annual memberships/subscriptions;
 - b) Software license fees;
 - c) Department of Land Information on-line transactions;
 - d) Motor Vehicle and Jetty Licensing and Registration;
 - e) Insurance excess; and
 - f) Utilities; including telephone, internet, electricity, water and gas (including Chlorine gas);
- 2) Corporate Credit Card or Corporate Fuel Card purchases.
- 3) Petty Cash purchases up to the value of \$200 (GST exclusive); and
- 4) Commissions.

~~3.6. Requirements When the Shire Invites Tenders Though It Is Not Required To Do So~~

~~Where considered necessary, the Shire may consider calling public tenders in lieu of undertaking a request for quotation for purchases under the \$250,000 threshold (excluding GST).~~

~~This decision should be made after considering the benefits of this approach in comparison with the costs, risks, timeliness and compliance requirements and also whether the purchasing requirement can be met through preferred suppliers.~~

~~If a decision is made to undertake a public tender for contracts of less than \$250,000, a Request for Tender process entailing all the procedures for tendering outlined in the legislation must be followed in full.~~

~~3.7. Sole Source of Supply (Monopoly Suppliers)~~

~~Where the purchasing requirement is over the value of \$1,000 and of a unique nature that can only be supplied from one supplier, the purchase is permitted without undertaking a tender or quotation process. This is only permitted in circumstances where the Shire is satisfied and can evidence that there is only one source of supply~~

~~for these goods, services or works.~~

~~The Shire must use its best endeavours to determine if the sole source of supply is genuine by exploring if there are any alternative sources of supply. Once determined, the justification must be endorsed by the Chief Executive Officer, prior to a contract being entered into.~~

~~Note: The application of the "Sole Source of Supply" provision should only occur in limited cases and procurement experience indicates that generally more than one supplier is able to provide the required goods and/or services.~~

1.3.3.1.4.11. Anti-Avoidance

~~The Shire will not conduct multiple purchasing activities with the intent (inadvertent or otherwise) of "splitting" the purchase value or the contract value, so that the effect is to avoid a particular purchasing threshold or the need to call a Public Tender. This includes the creation of two or more contracts or creating multiple purchase order transactions of a similar nature.~~

~~The Shire shall not enter two (2) or more contracts of a similar nature for the purpose of splitting the value of the contracts to enable the value of the consideration to be below the level of \$250,000, thereby avoiding the need to undertake a public tender process.~~

For the purpose of this Purchasing Policy, a signed purchase order is considered to be a contract.

1.3.4.1.4.12. Emergency Purchases

An emergency purchase is defined as an unanticipated and unbudgeted purchase which is required in response to an emergency situation as provided for in the *Local Government Act 1995*. In such instances, quotations and tenders are not required to be obtained prior to the purchase being undertaken.

An emergency purchase does not relate to purchases not planned for due to time constraints. Every effort must be made to anticipate purchases required by the Shire in advance and to allow sufficient time to obtain quotations and tenders, whichever may apply.

2. ADDITIONAL PROCEDURAL THRESHOLDS

To ensure a best practice approach to purchasing activity for the Shire, the following additional procedural thresholds ~~will~~should apply:

Table B

| PURCHASE VALUE | PRE PURCHASING ACTIONS | POST PURCHASING CLOSING ACTIONS | ASSESSMENT TIMEFRAME | EVALUATION PANEL |
|---|---------------------------|---|----------------------|-------------------------------------|
| Over \$250,000 and less than \$5 <u>\$4</u> ,000,000 | 1. Optional site briefing | In accordance with statutory requirements | Up to 2 weeks | Two (2) Shire Officers and Director |

Commented [LL5]: Amendment 5

Minor amendments have been made to the 'Additional Procedural Thresholds' to improve operational efficiencies by increasing the 'Purchasing Values' and making the section non-mandatory. Shire officers conduct risk assessments as part of the processes they follow in the procurement planning stage. The comprehensive risk assessment undertaken further guides required mitigation tasks.

| | | | | |
|---|---|--|---------------|--|
| Over \$54,000,000 and less than \$105,000,000 | <ol style="list-style-type: none"> 1. Optional Compulsory site briefing (depending on complexity of goods/services to be procured) 2. Business / Operational Plan required 3. Peer review of design/specification including sign off* 4. Project Manager engaged (optional) 5. Tender Evaluation Plan 6. Asset Management Plan (where relevant) | In accordance with statutory requirements | Up to 4 weeks | Two (2) Shire Officers and Director |
| Over \$105,000,000 and less than \$2040,000,000 | <ol style="list-style-type: none"> 1. As above, and 2. Legal advice on tender documents prior to distribution (dependent upon complexity of goods/services to be procured) 3. Engagement of probity advisor_ (optional) 4. External Project Manager engaged (optional) 5. Quantity Surveyor engaged (optional) | <ol style="list-style-type: none"> 1. In accordance with statutory requirements 2. Interviews with tenderers 3. Quarterly QS approval of works undertaken prior to payment approval (optional) 4. Legal advice on tender contract prior to execution (dependent upon complexity of goods/service s to be procured) | Up to 6 weeks | Two (2) Shire Officers and two (2) Directors |

| | | | | |
|---------------------|--|---|---------------|---------------------------|
| Over \$2040,000,000 | <ol style="list-style-type: none"> 1. As above, and 2. Legal advice on tender documents prior to distribution is mandatory 3. External Project Manager engagement is mandatory 4. Quantity Surveyor engagement is mandatory | <ol style="list-style-type: none"> 1. As above, and 2. Legal advice on tender contract prior to execution is mandatory 3. Monthly QA approval of works prior to payment approval is required | Up to 8 weeks | Two (2) Directors and CEO |
|---------------------|--|---|---------------|---------------------------|

*Does not apply to Design and Construct or Schedule of Rates tenders.

2.1.1.1. Contract Renewals, Extensions and Variations

Where a contract has been entered into as the result of a publicly invited tender process, then Functions and General Regulation 21A applies.

For any other contract, the contract must not be varied unless

- a) The variation is necessary in order for the goods or services to be supplied and does not change the scope of the contract; or
- b) The variation is a renewal or extension of the term of the contract where the extension or renewal options were included in the original contract.

Upon expiry of the original contract, and after any options for renewal or extension included in the original contract have been exercised, the Shire is required to review the purchasing requirements and commence a new competitive purchasing process in accordance with this Policy.

~~Where a contract has been entered into as the result of a publicly invited tender process, then Functions and General Regulation 21A applies.~~

~~For any other contract, the contract must not be varied unless:~~

- ~~a) The variation is necessary for the goods / services to be provided and does not alter the scope of the Contract; or~~
- ~~b) The variation is a renewal or extension to the original term of the contract, in the circumstances when the original contract contained an allowance for such provision.~~

~~If the proposed variation does not meet the above conditions, a separate competitive purchasing process must be conducted in accordance with the relevant purchasing threshold.~~

~~The funds requirement to meet the cost of the variation must be available within the amount set aside in the council adopted budget and must be approved in writing before commencement by an Approving Officer with the appropriate purchasing limit delegation.~~

~~For the purpose of this Purchasing Policy, a signed purchase order is considered to be a Contract.~~

RECORDS MANAGEMENT

~~Records of all tenders, requests for quotations and other purchases must be retained in compliance with the State Records Act 2000 (WA) and the Shire's Records Management Plan.~~

4.3. SUSTAINABLE PROCUREMENT

The Shire is committed to implementing sustainable procurement by providing a preference to suppliers that demonstrate sustainable business practices (social advancement, environmental protection and local economic benefits).

The Shire will apply Sustainable Procurement criteria as part of the value for money assessment to ensure that wherever possible our suppliers demonstrate outcomes which contribute to improved environmental, social and local economic outcomes.

Sustainable Procurement can be demonstrated as being internally focussed (i.e. operational environmental efficiencies or employment opportunities and benefits relating to special needs), or externally focussed (i.e. initiatives such as corporate philanthropy).

Requests for Quotation and Tenders will include a request for Suppliers to provide information regarding their sustainable practices and/or demonstrate that their product or service offers enhanced sustainable benefits.

3.1. LOCAL ECONOMIC BENEFIT

The Shire promotes economic development through the encouragement of competitive participation in the delivery of goods and services by local suppliers permanently located within its District first, and secondly, those permanently located within its broader region. As much as practicable, the Shire will:

- a) consider buying practices, procedures and specifications that encourage the inclusion of local businesses and the employment of local residents;
- b) consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
- c) ensure that procurement plans, and analysis is undertaken prior to develop Requests to understand local business capability and local content availability where components of goods or services may be sourced from within the District for inclusion in selection criteria;
- d) explore the capability of local businesses to meet requirements and ensure that Requests for Quotation and Tenders are designed to accommodate the capabilities of local businesses;
- e) avoid bias in the design and specifications for Requests for Quotation and Tenders – all Requests must be structured to encourage local businesses to bid;
- f) consider the adoption of Key Performance Indicators (KPIs) within contractual documentation that require successful Contractors to increase the number of employees from the District first; and
- g) provide adequate and consistent information to local suppliers.

To this extent, a weighted qualitative criterion ~~will~~ **should** be included in the selection criteria for Requests for Quotation and Tenders where suppliers are located within the boundaries of the Shire/Town/City, or substantially demonstrate a benefit or contribution to the local economy.

The Shire has adopted a Regional Price Preference Policy, which will be applied when undertaking all purchasing activities over \$10,000.

3.2. SOCIALLY SUSTAINABLE PROCUREMENT

The Shire will support the purchasing of requirements from socially sustainable suppliers such as Australian Disability Enterprises and Aboriginal businesses wherever a value for money assessment demonstrates benefit towards achieving the Shire strategic and operational objectives.

A qualitative weighting ~~will~~ **should** be used in the evaluation of Requests for Quotes and Tenders to provide advantages to socially sustainable suppliers in instances where the below tender

Commented [LL6]: As per Amendment 5,
Word updated to make it a non-mandatory practise. This ensures that this practise is strongly encouraged but officer should be allowed flexibility in circumstances where the goods/services/works cannot be provided by local suppliers, which can often be the case in regional areas.

Commented [LL7]: As per Amendment 5,
downgraded to non-mandatory, this has potential to inhibit local suppliers whom may not have the resources to comply, although we should encourage it where possible.

exemptions are not exercised.

(1) ABORIGINAL BUSINESSES

Functions and General Regulation 11(2)(h) provides a tender exemption if the goods or services are supplied by a person on the Aboriginal Business Directory WA published by the Chamber of Commerce and Industry of Western Australia, or Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation), where the consideration under contract is \$250,000 or less, or worth \$250,000 or less.

The Shire will first consider undertaking a quotation process with other suppliers (which may include other registered Aboriginal Businesses as noted in F&G Reg.11(2)(h)) to determine overall value for money for the Shire.

Where the Shire makes a determination to contract directly with an Aboriginal Business for any amount up to and including \$250,000 (ex GST), it must be satisfied through alternative means that the offer truly represents value for money and must be approved by the CEO. **An arrangement of this nature will only be approved by the CEO for a period not exceeding one (1) year. For any continuing purchasing requirements, the approval must be re-assessed before expiry.**

If the contract value exceeds \$50,000 (ex GST), a formal Request for Quotation will be issued to the relevant Aboriginal business. The rationale for making the purchasing decision must be recorded in accordance with the Shire's Record Keeping Plan.

(2) AUSTRALIAN DISABILITY ENTERPRISES

Functions and General Regulation 11(2)(i) provides a tender exemption if the goods or services are supplied by an Australian Disability Enterprise.

The Shire will first consider undertaking a quotation process with other suppliers (which may include other Australian Disability Enterprises) to determine overall value for money for the Shire.

Where the Shire makes a determination to contract directly with an Australian Disability Enterprise for any amount, including an amount over the Tender threshold of \$250,000 (ex GST), it must be satisfied through alternative means that the offer truly represents value for money and must be approved by the CEO. **An arrangement of this nature will only be approved by the CEO for a period not exceeding one (1) year. For any continuing purchasing requirements, the approval must be re-assessed before expiry.**

If the contract value exceeds \$50,000 (ex GST), a formal Request for Quotation will be issued to the relevant Australian Disability Enterprise. The rationale for making the purchasing decision must be recorded in accordance with the Shire/Town/City's Record Keeping Plan.

3.3. ENVIRONMENTALLY SUSTAINABLE PROCUREMENT

The Shire will support the purchasing of recycled and environmentally sustainable products whenever a value for money assessment demonstrates benefit toward achieving the Shire's strategic and operational objectives.

Qualitative weighted selection criteria ~~will~~ **should** be used in the evaluation of Requests for Quote and Tenders to provide advantages to suppliers which:

- a) demonstrate policies and practices that have been implemented by the business as part of its operations;
- b) generate less waste material by reviewing how supplies, materials and equipment are manufactured, purchased, packaged, delivered, used, and disposed; and
- a)c) encourage waste prevention, recycling, market development and use of recycled/recyclable materials.

Commented [LL8]: Amendment 6

The Policy allows Shire officers to purchase directly from businesses that are considered to be either sole suppliers and or are businesses that support socioeconomic challenged demographics, as allowable by Regulation 11(2)(i) *Local Government (Functions and General) Regulations 1996*. The Policy has been amended to ensure that where these arrangements have been approved, Shire officers must review the arrangement annually and ensure that the business still;
a.Meets the eligibility requirements; and
b.That the purchasing decision is still providing value for money to the community.

Commented [LL9]: As per Amendment 6

Commented [LL10]: As per Amendment 5, this has potential to inhibit local suppliers whom may not have the resources to comply, although we should encourage it where possible.

4. RECORD KEEPING

All Local Government purchasing activity, communications and transactions must be evidenced and retained as local government records in accordance with the *State Records Act 2000* and the Shire's Record Keeping Plan.

In addition, the Shire must consider and will include in each contract for the provision of works or services, the contractor's obligations for creating, maintaining and where necessary the transferral of records to the Shire relevant to the performance of the contract.

5. PURCHASING POLICY NON-COMPLIANCE

The Purchasing Policy is mandated under the *Local Government Act 1995* and Regulation 11A of the *Local Government (Functions and General) Regulations 1996* and therefore the policy forms part of the legislative framework in which the Local Government is required to conduct business.

Where legislative or policy compliance is not reasonably able to be achieved, records must evidence the rationale and decision making processes that substantiate the non-compliance.

Purchasing activities are subject to internal and external financial and performance audits, which examine compliance with legislative requirements and the Shire's policies and procedures.

If non-compliance with legislation, this Purchasing Policy or the Code of Conduct, is identified it must be reported to the Chief Executive officer or the or CEO's Authorised Officer. ~~Director Corporate Services~~

A failure to comply with legislation or policy requirements, including compliance with the Code of Conduct when undertaking purchasing activities, may be subject to investigation, with findings to be considered in context of the responsible person's training, experience, seniority and reasonable expectations for performance of their role.

Where a breach is substantiated it may be treated as:

- a) an opportunity for additional training to be provided;
- b) a disciplinary matter, which may or may not be subject to reporting requirements under the *Public Sector Management Act 1994*; or
- c) where the breach is also identified as potentially serious misconduct, the matter will be reported in accordance with the *Corruption, Crime and Misconduct Act 2003*.

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

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

5. BUY LOCAL

~~Under the Western Australian Government's "*Buy Local Policy*", Government agencies and local governments are encouraged to maximise the participation of local and small businesses in the supply of goods, services and works purchased or contracted by government agencies.~~

~~A key goal in this policy is open and fair competition to ensure that Western Australian businesses are provided with every opportunity to bid for work. It is recognised that not every category of goods, services or works that is purchased by the Shire will lend itself to supply by local businesses.~~

~~As much as practicable, the Shire's purchasing must:~~

- ensure that buying practices, procedures and specifications do not unfairly disadvantage any business;
- ensure that procurement plans address local business capability and local content;
- explore the capability of local businesses to meet requirements and ensure that requests for quotation and tenders are designed to accommodate the capabilities of local businesses;
- avoid bias in the design and specifications for requests for quotation and tenders — all requests must be structured to encourage local businesses to bid; and
- provide adequate and consistent information to potential suppliers.

6. PURCHASING FROM WA DISABILITY ENTERPRISES

Pursuant to Part 4 of the *Local Government (Functions and General) Regulations 1996*, the Shire is not required to publicly invite tenders if the goods or services are to be supplied from an Australian Disability Enterprise, as registered on www.ade.org.au. This is contingent on the demonstration of value for money.

Where possible, Australian Disability Enterprises are to be invited to quote for supplying goods and services under the tender threshold in accordance with this Policy. A qualitative weighting may be afforded in the evaluation of quotes and tenders to provide advantages to Australian Disability Enterprises.

7. PURCHASING FROM ABORIGINAL BUSINESSES OR SUPPLY NATION

Pursuant to Part 4 of the *Local Government (Functions and General) Regulations 1996*, the Shire is not required to publicly invite tenders if the goods or services are to be supplied from a person registered on the Aboriginal Business Directory WA published by the Chamber of Commerce or Supply Nation, where the expected consideration under contract is worth \$250,000 or less. This is contingent on the demonstration of value for money.

Where possible, Aboriginal or Supply Nation businesses are to be invited to quote for supplying goods and services under the tender threshold, in accordance with the thresholds identified in this Policy. A qualitative weighting may be afforded in the evaluation of quotes and tenders to provide advantages to Aboriginal owned businesses, or businesses that demonstrate a high level of aboriginal employment.

8. REGIONAL PRICE PREFERENCE

All purchases above \$10,000 are subject to the application of a regional price preference. Requisitioning Officers are to refer to *CP/FIN-3217 Regional Price Preference* for information on the application of the price preference.

EXPLANATORY NOTES:

11. LEGISLATIVE CONSIDERATION

The following Acts and Regulations apply to this policy:

Local Government Act 1995

Local Government (Functions and General) Regulations 1996

Part 4 – Provision of goods and services

Part 4A – Regional price preference

RISK:

Risk: Failure to manage the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance

Control: Implementation of recommendations from Regulation 17 Review

Risk: Failure to develop appropriate, meaningful policies which enable the administration to perform in an effective and efficient way.

Control: Review policies and procedures in accordance with review schedule.

Risk: Failure to manage the disbursement of funds to meet the needs of the Shires forward planning requirements, including the Strategic Community Plan, Corporate Business Plan, Long Term Financial Plans and Annual Budget.

Control: Monthly and quarterly progress and financial reporting against Corporate Business Plan and Annual Budget.

Commented [LL11]: Amendment 7

The Shire has a subset of 'Operational Risks' included in the organisations 'Risk Framework'. The Shire's Risk Framework is monitored and reported on to ensure that the organisation understands its current risk appetite which in turn allows us to make assessment of what level of risk is tolerable when implementing new projects.