

Council

POLICY REVIEW – PURCHASING AND  
TENDERING

Current Policy

Meeting Date: 1 December 2020

Number of Pages : 6

**PURCHASING AND TENDER GUIDE**

<b>DIVISION</b>	<b>BUSINESS UNIT</b>	<b>RESPONSIBILITY AREA</b>
Corporate Services	Finance	Financial Management

**1.1 OBJECTIVES**

- a) To provide compliance with the Local Government Act, 1995 and the Local Government (Functions and General) Regulations, 1996;
- b) To deliver a best practice approach and procedures to internal purchasing for the Shire of Plantagenet; and
- c) To ensure consistency for all purchasing activities that integrate within all the Shire of Plantagenet operational areas.

**1.2 WHY DO WE NEED A PURCHASING POLICY?**

The Shire of Plantagenet is committed to setting up efficient, effective, economical and sustainable procedures in all purchasing activities. This policy:

- a) Provides the Shire of Plantagenet with an effective way of purchasing goods and services;
- b) Ensures that purchasing transactions are carried out in a fair and equitable manner;
- c) Strengthens integrity and confidence in the purchasing system;
- d) Ensures that the Shire of Plantagenet receives value for money in its purchasing;
- e) Ensures that the Shire of Plantagenet considers the environmental impact of the procurement process across the life cycle of goods and services;
- f) Ensures the Shire of Plantagenet is compliant with all regulatory obligations;
- g) Promotes effective governance and definition of roles and responsibilities;
- h) Upholds respect from the public and industry for the Shire of Plantagenet's purchasing practices that withstands probity examination;
- i) Ensures the Council's Occupational Health and Safety Policy is considered when making purchasing decisions; and
- j) Provides that the Shire of Plantagenet will not pay invoices that do not quote a purchase order number.

**1.3 ETHICS AND INTEGRITY**

- a) All officers and employees of the Shire of Plantagenet shall observe the highest standards of ethics and integrity in undertaking purchasing activity and act in an honest and professional manner that supports the standing of the Shire of Plantagenet.
  - b) 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:
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- i) full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public moneys based on achieving value for money;
- ii) all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Shire of Plantagenet policies and Code of Conduct;
- iii) purchasing is to be undertaken on a competitive basis in which all potential suppliers are treated impartially, honestly and consistently;
- iv) all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies and audit requirements;
- v) any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed; and
- vi) any information provided to the Shire of Plantagenet by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation.

#### 1.4 VALUE FOR MONEY

- a) Value for money is an overarching principle governing purchasing that allows the best possible outcome to be achieved for the Shire of Plantagenet. 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.
  - b) An assessment of the best value for money outcome for any purchasing should consider:
    - i) 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;
    - ii) 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;
    - iii) 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);
    - iv) 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
    - v) hazard identification, risk assessment and risk control of new products as part of the purchasing evaluation process.
  - c) Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer.
  - d) It should be noted that the Council has a number of preferred suppliers/contractors such as mechanical parts suppliers, plumbers,
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electricians and I.T. technicians who have developed a good awareness of the Shire's facilities and infrastructure over a period of years. It is acknowledged that day to day expenditures may be made through such suppliers without invoking the need to obtain quotations.

- e) No chemicals or other potentially hazardous materials are to be purchased unless they are already on the Shire's Register of Hazardous Materials, or as approved by the responsible manager. All such materials are to be accompanied by a Materials Safety Data Sheet at the time of purchase.
- f) The Council's Policy F/FM/14 - Regional Price Preference gives guidance to the Council and staff in relation to the provision of a preference to local suppliers when a purchasing decision is made. The policy:
  - i) applies a price preference to quotations of \$30,000.00 value or greater and all tenders for the supply of goods and services and construction services.
  - ii) allows a quoted or tendered price from a 'Local Business/Contractor' to be reduced for the purposes of comparison with submissions from outside the region.
  - iii) aims to stimulate economic activity and growth in the defined regional pricing area by giving added weight to the use of competitive local businesses in supplying goods, services and works purchased or contracted on behalf of the Shire.

#### 1.5 SUSTAINABLE PROCUREMENT

- a) Sustainable Procurement is defined as the procurement of goods and services that have less environmental and social impacts than competing products and services.
  - b) The Shire of Plantagenet is committed to sustainable procurement and where appropriate shall endeavour to design quotations and tenders to provide an advantage to goods, services and/or processes that minimise environmental and negative social impacts. Sustainable considerations must be balanced against value for money outcomes in accordance with the Shire of Plantagenet's sustainability objectives.
  - c) Practically, sustainable procurement means the Shire of Plantagenet shall endeavour at all times to identify and procure products and services that:
    - i) have been determined as necessary;
    - ii) demonstrate environmental best practice in energy efficiency and / or consumption which can be demonstrated through suitable rating systems and eco-labelling;
    - iii) demonstrate environmental best practice in water efficiency;
    - iv) are environmentally sound in manufacture, use, and disposal with a specific preference for products made using the minimum amount of raw materials from a sustainable resource, that are free of toxic or polluting materials and that consume minimal energy during the production stage;
    - v) products that can be refurbished, reused, recycled or reclaimed shall be given priority, and those that are designed for ease of recycling, re-manufacture or otherwise to minimise waste;
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- vi) for motor vehicles – select vehicles featuring the highest fuel efficiency available, based on vehicle type and within the designated price range; and
- vii) for new buildings and refurbishments – consider using renewable energy and technologies.

## 1.6 PURCHASING THRESHOLDS

- a) Where the value of procurement (excluding GST) for the value of the contract over the full contract period (including options to extend) is, or is expected to be:

Category	Value (ex GST)	Minimum Protocol
Minor Purchase	\$0-\$2,000	1 Verbal Quote
Minor Quotation	\$2,001-\$5,000	2 Verbal Quotes
Intermediate	\$5,001 to \$30,000	2 Written Quotes
Major Quotation	\$30,001-\$150,000	3 Written Quotes
Major Purchase (Tender)	Over \$150,000	In accordance with Division 2 – Section 11 of the Local Government (Functions and General) Regulations 1996

- b) Quotations for procurement from suppliers on the WALGA panel under Section 11 of the Local Government (Functions and General) Regulations 1996 must also meet these minimum protocols.
- c) If a purchase is made and the minimum protocol for quotations is not met, a file note signed by the Department Manager needs to be completed, detailing the reasons for not meeting the protocol. In this instance a copy of the file note will be kept with the purchase order.

## 1.7 PANELS OF PRE-QUALIFIED SUPPLIERS

- a) A panel of pre-qualified suppliers will only be used for works associated with the reinstatement of storm damage or other such circumstances specifically endorsed by the Chief Executive Officer.
- b) Should the Shire determine that it is beneficial to create a Panel, it must do so in accordance with Part 4, Division 3 the Local Government (Functions and General) Regulations 1996. This ensures that clear and consistent information is communicated to all suppliers, including selection criteria, conditions of contract, specifications and price schedules (as required).
- c) Pre-Qualified Suppliers will be appointed to the Panel based on their suitability to provide the goods and/or services as per the weighted evaluation criteria. The number of suppliers appointed to a Panel will be dependent on the number of conforming submissions received.
- d) Panelists will be ranked based on value for money and suitability, and engaged based on their ranking as well as other factors such as availability, familiarity with a particular project and/or specialist requirements.
- e) The Shire may engage non Panel members as required, subject to normal quotation and tendering requirements as per the Regulations.

## 1.8 RECORDS MANAGEMENT

- a) All records associated with the tender process or a direct purchase process must be recorded and retained. For a tender process this includes:
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- i. tender documentation;
  - ii. internal documentation;
  - iii. evaluation documentation;
  - iv. enquiry and response documentation; and
  - v. notification documentation.
- b) For a direct purchasing process this includes:
  - i. quotation documentation;
  - ii. internal documentation; and
  - iii. order forms and requisitions.
- c) Record retention shall be in accordance with the minimum requirements of the State Records Act, and the Shire of Plantagenet's internal records management policy.

**ADOPTED: 13 OCTOBER 2009**

**LAST REVIEWED: 11 SEPTEMBER 2018**

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