

POLICY NO:F/FM/17

FORMER POLICY NO:

PURCHASING POLICY

DIVISION	BUSINESS UNIT	RESPONSIBILITY AREA
Corporate Services	Finance	Financial Management

1. PURPOSE

The Shire of Plantagenet is committed to delivering the objectives, principles and practices outlined in this Policy, when purchasing goods, services or works to achieve the Shire's strategic and operational objectives.

2. SCOPE

This policy applies to the CEO and staff sub-delegated to purchase goods, services or works on behalf of the Shire of Plantagenet.

3. OBJECTIVES

The Shire of Plantagenet's purchasing activities will achieve:

- a) The attainment of best value for money.
- b) Sustainable benefits, such as environmental, social and local economic factors are considered in the overall value for money assessment.
- c) Consistent, efficient and accountable processes and decision-making.
- d) Fair and equitable competitive processes that engage potential suppliers impartially, honestly and consistently.
- e) Probity and integrity, including the avoidance of bias and of perceived and actual conflicts of interest.
- f) Compliance with the Local Government Act 1995, Local Government (Functions and General) Regulations 1996, as well as any relevant legislation, Codes of Practice, Standards and the Shire of Plantagenet's Policies and procedures.
- g) Risks identified and managed within the Shire of Plantagenet's Risk Management framework.
- h) Records created and maintained to evidence purchasing activities in accordance with the State Records Act and the Shire of Plantagenet's Record Keeping Plan.
- i) Confidentiality protocols that protect commercial-in-confidence information and only release information where appropriately approved.

4. ETHICS AND INTEGRITY

- A. The Shire of Plantagenet's Code of Conduct applies when undertaking purchasing activities and decision making. Elected Members and employees

must observe the highest standards of ethics and integrity and act in an honest and professional manner at all times.

- B. When advertising a tender, the Shire of Plantagenet's advertisement details must include the following wording 'Canvassing of Councillors by tenderers will automatically disqualify the tenderer'.

5. VALUE FOR MONEY

- A. Value for money is achieved through the critical assessment of price, risk, timeliness, environmental, social, local economic and qualitative factors to determine the most advantageous supply outcome that contributes to the Shire of Plantagenet achieving its strategic and operational objectives.
- B. The Shire of Plantagenet will apply value for money principles when assessing purchasing decisions and acknowledges that the lowest price may not always be the most advantageous.

5.1 ASSESSING VALUE FOR MONEY

Assessment of value for money will consider:

- a) All relevant Total Costs of Ownership 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, 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, tenderers resources available, capacity and capability, value-adds offered, warranties, guarantees, repair and replacement policies, ease of inspection, ease of after sales service, ease of communications etc.
- c) Financial viability and capacity to supply without the risk of default (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 wherever practicable and consistent with this Policy.
- 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, local 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 of Plantagenet Policy.
- g) Providing opportunities for businesses within the Shire of Plantagenet's boundaries to quote wherever possible.

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:

Amount of Purchase	Policy
Up to \$1,000.00	No quotation required for minor / incidental expenses.
\$1,001.00 - \$3,000.00	Seek at least one verbal or written quotation.
\$3,001.00 - \$10,000.00	Seek at least two written quotations.
\$10,001.00 - \$50,000.00	Seek at least three written quotations.
\$50,001.00 – Tender threshold as specified by Local Government (Function and General) Regulation 11	Seek at least three written quotations, containing price and specification of goods and services (with procurement decision based on all value for money considerations).
Above tender threshold as specified by Local Government (Function and General) Regulation 11	Conduct a public tender process.
Emergency Purchases (<i>Within Budget</i>)	Must be approved by the Shire President or by the Chief Executive Officer under delegation and reported to the next available Council Meeting.
Emergency Purchases (<i>Not Included in Budget</i>)	Only applicable where, authorised in advance by the Shire President in accordance with s.6.8 of the <i>Local Government Act 1995</i> and reported to the next available Council Meeting.

- B. Where it is considered beneficial, tenders may be called in lieu of seeking quotations for purchases under the tender threshold (excluding GST). If a decision to seek public tenders for Contracts of less than the tender threshold, a Request for Tender process that entails all the procedures for tendering outlined in this policy must be followed in full.
- C. To satisfy the thresholds in Clause 6A, quotations may be sought from a mix of sources, including:
- a) from a pre-qualified panel of suppliers which include WALGA Preferred Supplier Contracts. or
 - b) via WALGA's eQuotes web based procurement system. or
 - c) other suppliers that are accessible under another tender exempt arrangement.
or
 - d) other suppliers in the open market.
- D. The Shire uses a number of suppliers/contractors such as mechanical parts suppliers, plumbers and electricians 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.

7. EXEMPTIONS

Regulation 11(2) of the Local Government (Functions and General) Regulations 1996 outlines the situations which are exempt from the requirement to publically invite tenders.

8. SOLE SOURCE OF SUPPLY (MONOPOLY SUPPLIERS)

The procurement of goods and/or services available from only one private sector source of supply, (i.e. manufacturer, supplier or agency) is permitted without the need to call competitive quotations provided that there must genuinely be only one source of supply. Every endeavour to find alternative sources should be made.

9. ANTI-AVOIDANCE

The Local Government shall not enter two or more contracts of a similar nature for the purpose of splitting the value of the contracts to take the value of consideration below the level of the tender threshold amount thereby avoiding the need to publicly tender.

10. 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).

11. LOCAL ECONOMIC BENEFIT

- A. The Shire encourages the development of competitive local businesses within its boundary first, and second within its broader region.
- B. The Shire has adopted a Regional Price Preference Policy, which will be applied when undertaking all purchasing activities over \$30,000.00.'

ADOPTED: 1 DECEMBER 2020

LAST REVIEWED: 1 DECEMBER 2020