

Council Policy: Purchasing

Purpose and Scope

To ensure expenditure complies with legislation and provides value for money.

Strategic Objectives

SCP 1 - Achieve a comprehensive, cost effective waste management service across the region
 SCP 5 - Develop a strong and capable organisation with responsible financial management

Relevant legislation

- Local Government Act 1995
 - Local Government (Functions and General) Regulations 1996 Part 4
 - Local Government (Financial Management) Regulations 1996
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Policy

The WMRC aims to utilise equitable and consistent purchasing processes to achieve value for money and effective financial risk management. Value for money means considering:

- Costs such as transaction costs, delivery, distribution, holding costs, consumables, deployment, training, maintenance, disposal, costs associated with transferring to a new supplier etc.
- Technical merits including specifications, terms and conditions, quality, compliance, availability, capacity, capability, value-adds offered, warranties, guarantees, repair and replacement policies, response times, ease of inspection and maintenance, ease of after sales service, ease of communications etc.
- The supplier's financial viability, capacity to supply, competency, and compliance history.
- Safety requirements and standards in design and specification.
- An evaluation of risk and opportunities arising from the supply, operation, and maintenance.
- Any environmental, economic, and social benefits.

Purchasing Thresholds

Expenditure Amount (ex GST)	Minimum Requirement
Up to \$5,000	One verbal or written quote
\$5,001 - \$50,000	Three written quotes
\$50,001 - \$250,000	Request for Quote - minimum of 3 written quotes. A Request for Tender if appropriate (F&G Reg. 13)
Over \$250,000	Request for Tender If tender exempt (F&G Reg11(2)) - minimum of 3 written quotes.

The above thresholds apply to purchases, including from WALGA Preferred Suppliers and Government departments, except in a sole supplier situation. These do not apply during emergencies (Local Government Act 1995 s6.8 and F&G 11(3)); to Council approved purchases at auction; for purchases of insurance with LGIS; or to other exclusions (F&G Reg 11). The expenditure amount is exclusive of GST and are required to cover the entire purchase order or contract expenditure, including extensions. Multiple purchase orders or contracts cannot be created to avoid meeting a purchasing threshold or calling a public tender (F&G Reg.12).

Staff, councillors, volunteers, and contractors are required to maintain high levels of integrity and identify any conflicts of interest. Expenditure is required to be provided for in the annual budget. Purchases, contracts, and contract extensions are required to be authorised by persons with delegated expenditure authority as defined in the WMRC Delegation's Register. Evidence of purchases is required to accompany the relevant expenditure forms and records are required to be maintained according to the WMRC recordkeeping plan.

Local suppliers should be prioritised to support the local economy and minimise environmental impacts. Where possible, consideration should be given to suppliers who are Aboriginal Businesses or an Australian Disability Enterprise.

Low Value Purchases (<\$50,000)

Single Purchase - Purchase Order

A purchase order is required for one-off purchases (except for credit card and petty cash purchases). Purchase orders are not required for the payment of rates, utilities, and taxes. A Procurement and Purchase Order Request form is required to accompany relevant documentation such as a quote.

Ongoing Purchases - Contract

A Procurement and Contract Establishment form and relevant documentation are required. Continuing purchases from the same supplier should be aggregated into a single contract. Low value contracts with no determined duration, the market should be tested at intervals of 3 years to ensure value for money is continuously achieved. If the current supplier gives the best value for money, a contract extension may be given.

High Value Purchases (\$50,000+)

Request for Quote & Tenders

Formal Request for Quotation (RFQ) and Request for Tender (RFT) documents is required to be approved by the required person(s) as detailed in the Delegations Register. Invitations to quote or tender need to give all parties an equal opportunity to respond. Prospective suppliers are required to be advised of any new information that changes the requirements, including changes to the deadline.

Responses are required to be assessed in accordance with legislative requirements, against the selection criteria, and value for money. A RFQ or RFT Evaluation form is required to be completed. Once the final determination is made and approved, respondents are required to be advised in writing. Acceptance of a quotation is required to be confirmed by forwarding correspondence to the supplier with details of the accepted unit price, total purchase value and WMRC quotation/contract number. The correspondence may be via letter, email, purchase order or contract number.

Note that the supply of vehicles, plant, or equipment (including office equipment) that is manufactured to industry or Australian Standards does not require a formal quotation process. Instead, a minimum of three written quotations are required.

Expressions of Interest

Expressions of Interest (EOI) may be carried out as a prerequisite for a tender process (F&G Reg.21) if the required supply evidences one of the following criteria:

- Unable to sufficiently scope or specify the requirement.
- Significant variability for how the requirement may be met.
- Unique solutions and / or multiple options offered.
- Subject to a creative element.
- A significant number of potential tenderers requiring shortlisting based on non-price assessment.

EOIs and RFTs invite potential suppliers to compete for a contract to supply goods or services valued at \$250,000 or more. A tender may be called for lesser values if considered appropriate.

Contract Variations, Extensions and Renewals

Where a contract has been entered into as the result of a publicly invited tender process, then Functions and General Regulation 21A applies. For other contracts, the contract must not be varied unless the variation:

- is necessary for continuous supply and does not change the scope of the contract; or
- is an extension and was included in the original contract.

The market is required to be tested upon expiry of the original contract and extensions.

Sole Suppliers

Contracts for a unique good or service and valued at over \$5,000 may be approved where:

- the purchasing requirement/specification has been documented
- the specification has been market tested and only one potential supplier has been identified
- market testing and supplier assessments have been evidenced in records, inclusive of a rationale for why the supply is determined as unique.
- quotations / tenders cannot be sourced through more than one potential supplier.

For continuing purchasing requirements, testing the market every 3 years includes obtaining evidence that only one potential supplier still genuinely exists.

Non-Compliance

Non-compliance with legislation, this Purchasing Policy, or the Code of Conduct, is required to be reported to the Chief Executive officer or the Manager Finance and Governance. If investigated, findings need to be considered in context of the person's training, experience, seniority, and reasonable performance expectations. Breaches may be treated as:

- an opportunity for additional training.
- a disciplinary matter (possibly subject to reporting requirements under the Public Sector Management Act 1994)
- for serious misconduct, the matter will be reported in accordance with the Corruption, Crime and Misconduct Act 2003.

Adopted / Modified

This policy is required to be reviewed annually

	Meeting Date	Item #	Implementation Responsibility
Council Adoption	03.12.2020	Item 10.6	Manager Finance & Governance