

COUNCIL POLICY: PURCHASING

PURPOSE AND SCOPE

To ensure all purchasing and procurement on behalf of the WMRC is done through a consistent approach to market that is fair, transparent, and equitable while mitigating risk to the WMRC and achieving the best 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

- *S.3.57 of the Local Government Act 1995*
 - *Part 4 of the Local Government (Functions and General) Regulations 1996*
 - *Local Government (Financial Management) Regulations 1996*
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1. POLICY STATEMENT

Purchasing decisions made on behalf of the WMRC must be made following the principles of ethics and integrity, value for money, sustainability, transparency, and open and effective competition.

2. ETHICS & INTEGRITY

The WMRC's Code of Conduct applies when undertaking purchasing activities and decision making, requiring WMRC Members and employees to observe the highest standards of ethics and integrity and act in an honest and professional manner.

3. VALUE FOR MONEY

The WMRC 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 assessment will consider:

- (a) All relevant total costs of ownership 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) 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.
- (c) The supplier's financial viability, capacity to supply, competency, and compliance history.
- (d) A strong element of competition by obtaining sufficient competitive quotations consistent with this Policy, where practicable.
- (e) Safety requirements and standards in design and specification.
- (f) An evaluation of risk and opportunities arising from the supply, operation, and maintenance.
- (g) Follow the sustainable procurement principles including prioritising purchase and use of recycled and recyclable material, environmentally friendly methodologies, socially responsible employment practices.

4. PURCHASING PRACTICE VALUE THRESHOLDS

4.1 Defining the Purchasing Value

The WMRC 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 can 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.

4.2 Individual Purchasing Value Assessment

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.

4.3 Purchasing Practice Purchasing Value Thresholds

The methods of conducting procurement processes are intended to be transparent and appropriate while ensuring value for money and the best use of the WMRC's resources.

The values below prescribe the procurement thresholds, along with the associated guidelines, that are to be observed (all values are **exclusive of Goods and Services Tax**) are set out in the below table:

<p>(a) Up to \$5,000 (ex GST)</p> <p>[Manager (including delegated officers) approval required]</p>	<p>Purchase directly from a supplier using a purchase order or Corporate Credit Card issued by the WMRC. A direct purchase is necessary if a contract does not exist that the WMRC may leverage, and a specific contract is not deemed necessary.</p> <p>Obtain minimum one verbal (1) or written quotation but may seek more than one quote to represent better value for money.</p> <p>The continuous use of single suppliers is to be routinely tested to ensure that the WMRC is receiving best value for money.</p>
<p>(b) From \$5,000 up to \$50,000 (ex GST)</p> <p>[Manager approval required]</p>	<p>Obtain at least three (3) written quotations from suppliers.</p> <p>If purchasing from a WALGA PSA, CUA or other tender exempt arrangement, a minimum of one written quotation is to be obtained.</p>
<p>(c) From \$50,000 up to \$250,000 (ex GST)</p> <p>[Chief Executive Office approval required]</p>	<p>Obtain at least three (3) written quotations from suppliers by invitation under a formal Request for Quotation (RFQ).</p> <p>The procurement evaluation and decision are to be based on the pre-determined evaluation criteria and is to be undertaken by an evaluation panel of not less than three relevantly qualified persons in accordance with the relevant management practice.</p>
<p>(d) Over \$250,000 (ex GST)</p> <p>[CEO, Council approval required]</p>	<p>Tender Exempt arrangements (i.e., WALGA PSA, CUA or other tender exemption under F&G Reg.11(2)) require at least three (3) written invitations to suppliers under a formal Request for Quotation (RFQ) in accordance with the relevant management practice.</p> <p>Public Tender: A Request for Tender (RFT) process is to be conducted (in accordance with <i>part 4 of the LG F&G Reg 1996</i>) where the purchasing requirement is not suitable to be met through a panel of pre-qualified suppliers, or any other tender-exempt arrangement, as prescribed.</p> <p>The procurement decision is to be based on pre-determined evaluation criteria that assess all value for money considerations and sustainable practices.</p>

(e) Emergency Purchases	Where no relevant budget allocation is available for an emergency purchasing activity then, in accordance with <i>s.6.8 of the Local Government Act 1995</i> , the Chair must authorise, in writing, the necessary budget adjustment prior to the expense being incurred. The CEO is responsible for ensuring that an authorised emergency expenditure under <i>s.6.8</i> is reported to the next Ordinary Council Meeting.
(f) LGIS Services <i>Section.58(6)(b) Local Government Act</i>	The suite of LGIS insurances is established in accordance with <i>s.9.58(6)(b) of the Local Government Act 1995</i> and are provided as part of a mutual, where WALGA Member Local Governments are the owners of LGIS. Therefore, obtaining LGIS insurance services is available as a member-base service and is not defined as a purchasing activity subject to this Policy.

4.4 Unique Nature of Supply (Sole Supplier)

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

- (a) purchasing requirement has been documented.
- (b) specification has been market tested and only one potential supplier has been identified as being capable of meeting the specified purchase requirement.
- (c) 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.

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

4.5 Contracts Renewals, Extensions and Variations

Where a contract has been entered into as the result of a publicly invited tender process, then *F&G Reg. 21A* applies. A decision to approve a contract variation must be made by Council resolution unless *F&G Reg.20 and / or 21A* have been delegated to the CEO.

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

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

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

5.EXPRESSION OF INTEREST

Expression of interest will be considered as a prerequisite to a tender process [*F&G Reg.21*] where the required supply evidence one or more of the following criteria:

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

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

6. NON-COMPLIANCE

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 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:

- (a) an opportunity for additional training.
 - (b) a disciplinary matter (possibly subject to comply with *Public Sector Management Act 1994*).
 - (c) for serious misconduct, the matter will be reported in accordance with the *Corruption, Crime and Misconduct Act 2003*.
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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
Council Adoption	18/08/2022	Item 10.3.1	Manager Finance & Governance