



Shire of Tammin

2.1.3 Purchasing Framework and Requirements

Type:	Corporate Services – Financial Management
Legislation:	Local Government Act 1995 Local Government (Functions and General) Regulations 1996
Delegation:	DA35 Ordering Thresholds
Other Related Document:	Purchasing Procedures PRO2.1.3

Objective

The objectives of this Policy are to ensure that all purchasing activities:

- demonstrate that best value for money is attained for the Shire;
- are compliant with relevant legislations, including the Act and Regulations;
- are recorded in compliance with the State Records Act 2000 and associated records management practices and procedures of the Shire;
- mitigate probity risk, by establishing consistent and demonstrated processes that promotes openness, transparency, fairness and equity to all potential suppliers;
- ensure that the sustainable benefits, such as environmental, social and local economic factors are considered in the overall value for money assessment; and
- are conducted in a consistent and efficient manner across the Shire and that ethical decision making is demonstrated.
- deliver a best practice approach and procedures to internal purchasing for the Shire,
- ensure consistency for all purchasing activities that integrates within all the Shire operational areas.

Policy Scope

This policy will affect all staff members.

Policy

The Shire of Tammin (the “Shire”) is committed to delivering best practice in the purchasing of goods, services and works that align with the principles of transparency, probity and good governance and complies with the Local Government Act 1995 (the “Act”) and Part 4 of the Local Government (Functions and General) Regulations 1996, (the “Regulations”). Procurement processes and practices to be complied with are defined within this Policy and the Shire’s prescribed procurement procedures.

Ethics and Integrity

Code of Conduct

All officers and employees of the Shire undertaking purchasing activities must have regard for the Code of Conduct requirements and shall observe the highest standards of ethics and integrity. All officers and employees of the Shire must act in an honest and professional manner at all times which supports the standing of the Shire.

Purchasing Principles



Shire of Tammin

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:

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

Value for Money

Policy

Value for money is determined when the consideration of price, risk and qualitative factors that are assessed to determine the most advantageous outcome to be achieved for the Shire.

As such, purchasing decisions must be made with greater consideration than obtaining lowest price, but also to incorporate qualitative and risk factors into the decision.

Application

An assessment of the best value for money outcome for any purchasing process should consider:

- 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;
- purchasing of goods and services from suppliers that demonstrate sustainable benefits and



Shire of Tammin

- good corporate social responsibility; and
- providing opportunities for businesses within the Shire's boundaries to be given the opportunity to quote for providing goods and services wherever possible.

Sustainable Procurement

Sustainable procurement is defined as the procurement of goods and services that have less environmental and social impacts than competing products and services, and considerations must be balanced against value for money outcomes.

Purchasing Requirements

Legislative / Regulatory Requirements

The requirements that must be complied with by the Shire, including purchasing thresholds and processes, are prescribed within the Regulations, this Policy and associated purchasing procedures in effect at the Shire.

Purchasing that is \$250,000 or below in total value (excluding GST) must be in accordance with the purchasing requirements under the relevant threshold as defined under section 7 of this Purchasing Policy.

- Purchasing that exceeds \$250,000 in total value (excluding GST) must be put to public Tender when it is determined that a regulatory Tender exemption, as stated under section 8 of this Policy is not deemed to be suitable.

Purchasing Value Definition

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 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. A best practice suggestion is that if a purchasing threshold is reached within three years for a particular category of goods, services or works, then the purchasing requirement under the relevant threshold (including the tender threshold) must apply.
3. Must incorporate any variation to the scope of the purchase and be limited to a 10% tolerance of the original purchasing value.

Purchasing from Existing Contracts

Where the Shire has an existing contract in place, it must ensure that goods and services required are purchased under these contracts to the extent that the scope of the contract allows. When planning the purchase, the Shire must consult its Contracts Register in the first instance before seeking to obtain quotes and tenders on its own accord.

Purchasing Thresholds

The table below prescribes the purchasing process that the Shire must follow, based on the purchase value:



Shire of Tammin

Purchase Value Threshold	Purchasing Requirement
Up to \$5,000 (exc GST)	Purchase directly from a supplier using a Purchasing or Corporate Credit Card issued by the Shire, or obtain at least one (1) oral or written quotation from a suitable supplier, either from: • an existing panel of pre-qualified suppliers administered by the Shire; or • a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government Common Use Arrangement (CUA); or • from the open market. The purchasing decision is to be based upon assessment of the suppliers response to: • a brief outline of the specified requirement for the goods; services or works required; and • value for money criteria, not necessarily the lowest price. The procurement decision is to be represented using the Brief Evaluation Report Template.
Over \$5,001 and up to \$20,000 (exc GST)	Request at least two (2) written quotations from suppliers following a brief outlining the specified requirement, either from: • an existing panel of pre-qualified suppliers administered by the Shire; or • a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government CUA; or • from the open market. The purchasing decision is to be based upon assessment of the suppliers response to: • a written brief outline of the specified requirement for the goods; services or works required; and • value for money criteria, not necessarily the lowest price. The procurement decision is to be represented using the Brief Evaluation Report Template. Where a contractor/ service provider has been used previously in that financial year and cumulative invoices in excess of \$10,000 has been reached in any financial year, all further quotes are to be written quotes.



Shire of Tammin

Over \$20,001 and up to \$50,000	Request at least three (3) written quotations from suppliers following a brief outlining the specified requirement, either from: • an existing panel of pre-qualified suppliers administered by the Shire; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; or • from the open market. The purchasing decision is to be based upon assessment of the suppliers response to: • a written brief outline of the specified requirement for the goods; services or works required; and • value for money criteria, not necessarily the lowest price. The procurement decision is to be represented using the Brief Evaluation Report Template.
Over \$50,001 and up to \$250,000 (exc GST)	Request at least three (3) written quotations from suppliers by formal invitation under a Request for Quotation, containing price and detailed specification of goods and services required. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy. Quotations within this threshold may be obtained from: • an existing panel of pre-qualified suppliers administered by the Shire; or • a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government CUA; or • from the open market. Requests for quotation from a pre-qualified panel of suppliers (whether administered by the Shire through the WALGA preferred supply program or State Government CUA) are not required to be invited using a Request for Quotation form, however at least three written quotes are still required to be obtained. The purchasing decision is to be based upon assessment of the suppliers response to: • a detailed written specification for the goods, services or works required and • pre-determined evaluation criteria that assesses all best and sustainable value considerations. The procurement decision is to be represented using the Evaluation Report template.



Shire of Tammin

Over \$250,000 (exc GST)	Where the purchasing requirement is not suitable to be met through a panel of pre-qualified suppliers, or any other tender-exempt arrangement as listed under section 8 of this Policy, conduct a public Request for Tender process in accordance with the Regulations, this policy and the Shire's tender procedures. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy. The purchasing decision is to be based upon the suppliers response to: • a specification of the goods, services or works (for a tender exempt process including the WALGA Preferred Supplier Arrangement); or a detailed specification for the open tender process; and • pre-determined evaluation criteria that assesses all best and sustainable value considerations. The procurement decision is to be represented using the Evaluation Report template.
--------------------------	---

Requirement for Contracts

Purchases over \$50,000 ex GST will require a written contract for the following supply categories:

- Consultants (General Conditions of Contract AS4122-2010)
- Minor Works
- General Goods and Services
- Building and Construction Services
- ICT Services
- Waste Services

A copy of the executed contract must be provided to the Manager of Finances prior to the Purchase Order being released. The contract details will be entered into the Contract Register which has been prepared in accordance with Treasurers Instruction 820 'Register of Contracts'.

Contract Reviews – all contracts established by the Shire shall contain a requirement to review the performance of the Contractor/Supplier/Consultant at least annually and prior to the extension, if any, of the Contract term.

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



Shire of Tammin

supplied by a single supplier will determine the Purchasing Value threshold applicable to future purchasing activity.

Quotation Exemptions

An exemption to Request for Quotations may apply in accordance with Regulation 11 of the Local Government (Functions & General) Regulations 1996.

Insufficient Suppliers / Waiver of Quotation

Where this policy requires a certain number of quotations to be obtained, but it is not possible to obtain that number of quotations, then best endeavours must be used to obtain as many quotes as possible.

If it is not possible to obtain the required number of quotations then:

1. the requirement to obtain that number of quotations may be waived by the Chief Executive Officer or Manager Finance and Administration if the purchase is below \$20,000 and justification has been provided by an officer with appropriate authority to incur the liability. The following are examples of where an exemption may be approved:
 - Supplier is a sole provider registered in the Shire of Tammin
 - Supplier is an Aboriginal Business
 - Supplier is Disability Enterprise
 - Delivery of goods or services is time critical
2. all other requirements of this policy applicable to that type or value of purchase apply.

Purchasing from Legal Service Providers

The Shire of Tammin will utilise the WALGA preferred supplier contract for legal services. The selection of the service provider will be undertaken by the Chief Executive Officer or relevant Manager (under delegated authority) based on factors including the panel provider undertaking similar work on behalf of the Shire, specialist expertise as well as being based on standard contract performance. This supply category is exempt from the minimum quotation requirements.

Fuel Exemptions

Fuel is a tender exempt item under Local Government (Functions and General) Regulations 1996 11(g). As such the Shire's purchasing of bulk fuel will follow an alternate process whereby, the Chief Executive Officer or Manager of Technical Services will email three bulk fuel providers and request a written price per litre for the financial year. The Manager of Technical Services is authorised to assess and authorise the purchase of bulk fuel regardless of the purchase value.

The purchase of fuel from the Roadhouse is also an exempt purchase. When purchasing fuel, employees must clearly write on the receipt - their name, a description of the equipment or a licence/plant number, and where applicable a job/GL number. Any employees found to be abusing the nature of this exemption will receive immediate disciplinary action.

Procurement of labour hire



Shire of Tammin

The Shire of Tammin will ensure due diligence is carried out when procuring labour hire from recognised personnel providers in the market, with suppliers to be registered with WALGA. The Shire will undertake to ensure the most qualified and suitable person is hired under an arrangement with the labour hire provider. Whilst cost will be considered as part of the evaluation of suppliers, the most important criteria will be that the hired person is best fit for the Shire and someone who will carry out their duties and responsibilities in-line with the Shire's ethos. This does not preclude the value for money section of the Shire's purchasing policy. This supply category is exempt from the minimum quotation requirements.

Purchasing from Uniform Providers

The Shire of Tammin will utilise the WALGA Preferred Panel for the procurement of uniforms. Purchasing for Corporate Uniforms and Protective Clothing is exempt from the general requirements of this Policy and only requires one quote be obtained. All purchases are still subject to a value for money judgement prior to issuing a Purchase Order.

Purchasing from Stationery Suppliers

The Shire of Tammin will utilise either the WALGA preferred supplier contract or Social Enterprises (Disability and Aboriginal Corporations) for stationery purchases. The Shire will endeavour to ensure value for money is realised as well as purchasing sustainable office supplies where possible. This supply category is exempt from the minimum quotation requirements.

Purchasing of Accounting and Strategic Financial Services

The Shire of Tammin will utilise the WALGA preferred supplier contract for Accounting and Strategic Financial Services. The selection of the service provider will be undertaken by the Chief Executive Officer or relevant Executive Manager (under delegated authority) based on factors including the panel provider undertaking similar work on behalf of the Shire, specialist expertise as well as being based on standard contract performance. This supply category is exempt from the minimum quotation requirements.

Buying Local

Where possible, suppliers operating with the Shire of Tammin and neighbouring local government areas are to be given the opportunity to quote for goods and services required by the Shire. Officers are required to review the local Business Directory when determining possible suppliers. However, it is recognised that not every category of goods or services required by the Shire will lend itself to supply by local businesses.

Standing Offer Agreement

This is an agreement where a supplier(s) agrees to provide specified goods (which are considered commodities off the shelf which are readily available from multiple suppliers and frequently purchased), at an agreed price fixed for a set period of time (usually for one year). Standing Offers are a commitment by suppliers to provide agreed products at the fixed price on receipt of a Shire Purchase Order. Standing offers do not commit the Shire to any minimum volume. A standing offer once accepted by the Shire is deemed to have met the quotation process.

Tendering Exemptions



Shire of Tammin

An exemption to publicly invite tenders may apply in the following instances:

- the supply of the goods or services is associated with a State of Emergency which has been declared in accordance with section 3 of the Emergency Management Act 2005;
- the purchase is obtained from a pre-qualified supplier under the WALGA Preferred Supply Program or State Government Common Use Arrangement;
- the purchase is from a Regional Local Government or another Local Government;
- the purchase is acquired from a person registered on the WA Aboriginal Business Directory, as published by the Small Business Development Corporation, where the consideration under contract is worth \$250,000 or less and represents value for money;
- the purchase is acquired from an Australian Disability Enterprise and represents value for money;
- within 6 months of no tender being accepted;
- where the contract is for petrol, oil, or other liquid or gas used for internal combustion engines;
- the purchase is from a pre-qualified supplier under a Panel established by the Shire; or
- any of the other exclusions under Regulation 11 of the Regulations apply.

Inviting Tenders under the Tender Threshold

Where considered appropriate and beneficial, the Shire may consider publicly advertising Tenders in lieu of undertaking a Request for Quotation for purchases under the tender threshold. 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 the WALGA Preferred Supply Program or State Government CUA.

If a decision is made to undertake a public Tender for contracts expected to be \$250,000 or less in value, the Shire's tendering procedures must be followed in full.

Sole Source of Supply

Where the purchasing requirement is over the value of \$5,000 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 those 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.

From time to time, the Shire may publicly invite an expression of interest to effectively determine that one sole source of supply still genuinely exists.

Anti-Avoidance

The Shire shall not enter into two or more contracts or create multiple purchase order transactions of a similar nature for the purpose of "splitting" the value of the purchase or contract to take the value of the consideration of the purchase below a particular purchasing threshold, particularly in relation to Tenders and to avoid the need to call a public Tender.



Shire of Tammin

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, quotes 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 quotes and tenders, whichever may apply.

Exceptional Circumstances

Under exceptional circumstances, where goods or services need to be purchased urgently and there is insufficient time to obtain quotations, the CEO may make the required purchase, notwithstanding the thresholds and requirements of Schedule 3.1(b), subject to the purchase being less than \$250,000.00 ex GST. Unique value for money circumstances that preclude obtaining quotes must exist, such as –

- it is opportunistic such as eliminating otherwise applicable costs,
- it enhances operational efficiency, or
- mitigates against risk etc.
- it is appropriate for continuity of previous works, services, or design, but is not to exceed 50% of an original competitively sourced provider to a maximum of \$20,000
- Procurement under exceptional circumstances must be approved in advance by the CEO.
- Exercise of this authority is to be in consultation with the Shire President.

Record Management

Records of all purchasing activity must be retained in compliance with the State Records Act 2000 (WA); the Shire's Records Keeping Plan and associated procurement procedures.

For each procurement activity, such documents may include:

- the Procurement initiation document such as a procurement business case which justifies the need for a contract to be created (where applicable);
- procurement Planning and approval documentation which describes how the procurement is to be undertaken to create and manage the contract;
- request for Quotation/Tender documentation;
- copy of public advertisement inviting tenders, or the notice of private invitation (whichever is applicable);
- copies of quotes/tenders received;
- evaluation documentation, including individual evaluators note and clarifications sought;
- negotiation documents such as negotiation plans and negotiation logs;
- approval of award documentation;
- all correspondence to respondents notifying of the outcome to award a contract;
- contract Management Plans which describes how the contract will be managed; and
- copies of contract(s) with supplier(s) formed from the procurement process.

Sustainable Procurement and Corporate Social Responsibility



Shire of Tammin

The Shire is committed to providing a preference to suppliers that demonstrate sustainable business practices and high levels of corporate social responsibility (CSR). Where appropriate, the Shire shall endeavour to provide an advantage to suppliers demonstrating that they minimise environmental and negative social impacts and embrace CSR. Sustainable and CSR considerations must be balanced against value for money outcomes in accordance with the Shire's sustainability objectives.

For formal procurement decisions, the Shire may weight sustainability up to a total of 20%, with a maximum of 10% able to be assigned for any one of the following elements:

1. Environmental

Procurement that minimises unnecessary resource consumption, considers whole of life costs and delivers beneficial environmental economic outcomes is encouraged.

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 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
- (c) encourage waste prevention, recycling, market development and use of recycled/recyclable materials.

2. Social Procurement from organisations such as Aboriginal controlled businesses and social enterprises including Australian Disability Enterprises is encouraged.

3. Local Economy (with boundaries of the South West Group)

The Shire will provide supply opportunities for local organisations that can demonstrate economic benefits, either through being a local business, the use of local sub-contractors or local employees. This will be dependent on the extent to which the local business can demonstrate a contribution to the local economy but does not include any preferential; treatment of pricing in the evaluation process.

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.

Examples of criteria include the following:

1. The Tenderer must provide details of the benefits to the local community from their involvement in this contract. Examples may include, but should not be limited to things such as:
 - Local employment
 - Use of local service providers



Shire of Tammin

- Use of local food and beverage providers
 - Sourcing of materials and consumables locally
2. Community Participation and Benefits – provide commentary on initiatives to support Aboriginal business and indigenous community, local trade support, Australian manufacturing, and community benefit (i.e. corporate philanthropy or employment development programs for Corporate Social Responsibility such as disability enterprise or special needs)

Local Economic Benefit

The Shire encourages the development of competitive local businesses within its boundary and as much as practicable, the Shire will:

- where appropriate, consider buying practices, procedures and specifications that do not unfairly disadvantage local businesses;
- consider buying practices, procedures and specifications that encourage the inclusion of local businesses and employment of local residents;
- consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
- ensure that procurement plans, and analysis is undertaken prior to developing 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;
- 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;
- provide adequate and consistent information to potential suppliers.

Purchasing from 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. A qualitative weighting may be afforded in the evaluation of quotes and tenders to provide advantages to Australian Disability Enterprises.

Purchasing from Aboriginal Businesses

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 published by the Small Business Development Corporation on www.abdwa.com.au, 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 businesses are to be invited to quote for supplying goods and services under the tender threshold. A qualitative weighting may be afforded in the evaluation of quotes and tenders to provide advantages to Aboriginal owned businesses, or businesses that



Shire of Tammin

demonstrate a high level of aboriginal employment.

Panels of Pre-Qualified Suppliers

In accordance with Regulation 24AC of the Local Government (Functions and General) Regulations 1996, a Panel of Pre-qualified Suppliers ("Panel") may be created where most of the following factors apply:

- the Shire determines that a range of similar goods and services are required to be purchased on a continuing and regular basis;
- there are numerous potential suppliers in the local and regional procurement-related market sector(s) that satisfy the test of 'value for money';
- the purchasing activity under the intended Panel is assessed as being of a low to medium risk;
- the Panel will streamline and will improve procurement processes; and
- the Shire has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

The Shire will endeavour to ensure that Panels will not be created unless most of the above factors are firmly and quantifiably established.

Establishing a Panel

Should the Shire determine that a Panel is beneficial to be created, it must do so in accordance with Part 4, Division 3 the Local Government (Functions and General) Regulations 1996.

Panels may be established for one supply requirement, or a number of similar supply requirements under defined categories within the Panel.

Panels may be established for a minimum of two (2) years and for a maximum length of time deemed appropriate by the Shire.

Evaluation criteria must be determined and communicated in the application process by which applications will be assessed and accepted.

Where a Panel is to be established, the Shire will endeavour to appoint at least three (3) suppliers to each category, on the basis that best value for money is demonstrated. Where less than three (3) suppliers are appointed to each category within the Panel, the category is not to be established.

In each invitation to apply to become a pre-qualified supplier (through a procurement process advertised through a state-wide notice), the Shire must state the expected number of suppliers it intends to put on the panel.

Should a Panel member leave the Panel, they may be replaced by the next ranked Panel member determined in the value for money assessment should the supplier agree to do so, with this intention to be disclosed in the detailed information set out under Regulation 24AD(5)(d) and (e) when establishing the Panel.

Distributing Work Amongst Panel Members

To satisfy Regulation 24AD(5) of the Regulations, when establishing a Panel of pre-qualified



Shire of Tammin

suppliers, the detailed information associated with each invitation to apply to join the Panel must either prescribe whether the Shire intends to:

- i. obtain quotations from each pre-qualified supplier on the Panel with respect to all purchases, in accordance with Clause 20; or
- ii. purchase goods and services exclusively from any pre-qualified supplier appointed to that Panel, and under what circumstances; or
- iii. develop a ranking system for selection to the Panel, with work awarded in accordance with Clause 19 (b).

In considering the distribution of work among Panel members, the detailed information must also prescribe whether:

- each Panel member will have the opportunity to bid for each item of work under the Panel, with pre-determined evaluation criteria forming part of the invitation to quote to assess the suitability of the supplier for particular items of work. Contracts under the pre-qualified panel will be awarded on the basis of value for money in every instance; or
- a) work will be awarded on a ranked basis, which is to be stipulated in the detailed information set out under Regulation 24AD(5)(f) when establishing the Panel. The Shire is to invite the highest ranked Panel member, who is to give written notice as to whether to accept the offer for the work to be undertaken. Should the offer be declined, an invitation to the next ranked Panel member is to be made and so forth until a Panel member accepts a Contract. Should the list of Panel members invited be exhausted with no Panel member accepting the offer to provide goods/services under the Panel, the Shire may then invite suppliers that are not pre-qualified under the Panel, in accordance with the Purchasing Thresholds stated in section 5.5 of this Policy. When a ranking system is established, the Panel must not operate for a period exceeding 12 months.

In every instance, a contract must not be formed with a pre-qualified supplier for an item of work beyond 12 months, which includes options to extend the contract.

Purchasing from the Panel

The invitation to apply to be considered to join a panel of pre-qualified suppliers must state whether quotations are either to be invited to every member (within each category, if applicable) of the Panel for each purchasing requirement, whether a ranking system is to be established, or otherwise.

Each quotation process, including the invitation to quote, communications with panel members, quotations received, evaluation of quotes and notification of award communications may be made through eQuotes, or any other electronic quotation facility or otherwise must all be captured on the Shire's electronic records system. A separate file is to be maintained for quotation processes made under each Panel that captures all communications between the Shire and Panel members.

Recordkeeping

Records of all communications with Panel members, with respect to the quotation process and all subsequent purchases made through the Panel, must be kept.

For the creation of a Panel, this includes:



Shire of Tammin

- the Procurement initiation document such as a procurement business case which justifies the need for a Panel to be created;
- procurement Planning and approval documentation which describes how the procurement is to be undertaken to create and manage the Panel;
- request for Applications documentation;
- copy of public advertisement inviting applications;
- copies of applications received;
- evaluation documentation, including clarifications sought;
- negotiation documents such as negotiation plans and negotiation logs;
- approval of award documentation;
- all correspondence to applicants notifying of the establishment and composition of the Panel such as award letters;
- contract Management Plans which describes how the contract will be managed; and
- copies of framework agreements entered into with pre-qualified suppliers.

The Shire is also to retain itemised records of all requests for quotation, including quotations received from pre-qualified suppliers and contracts awarded to Panel members. A unique reference number shall be applied to all records relating to each quotation process, which is to also be quoted on each purchase order issued under the Contract.

Information with regards to the Panel offerings, including details of suppliers appointed to the Panel, must be kept up to date, consistent and made available for access by all officers and employees of the Shire.

Authorisation of Expenditure

Acceptance of tenders and quotations and the authorisation of expenditure is to comply with the Shire's purchasing requirements, associated policies and procedures and within the relevant delegation or limit of authority.

All purchases of goods or services other than those goods or services deemed an emergency or those outside of normal business hours are only to be purchases after the approval of an appropriate purchase requisition and the receipt of a relevant purchase order.

The confirmation of any purchase after the completion of a quotation / tender process must be authorised by an officer to whom authority to incur a liability has been delegated ensuring that sufficient funds have been provided for in the Shire's annual budget.

Issuing Purchase Orders where a quotation or tender process has been undertaken will be required to be released by the Manager Finance and Administration, who is required to ensure that all details in the Register of Contracts have been complied with, and that the required number of quotes and the contract have been attached to the purchase requisition.

Responsible Directorate:	Finance and Corporate Services
Reviewing Officer:	Manager Finance and Administration/ Chief Executive Officer
Decision making Authority:	Council
Policy Adopted:	28/6/2018



Shire of Tammin

Policy Amended/Reviewed:	26/5/2020, 22/10/2025, 24/06/2026
Former Policy No:	1.12/ 3.1/3.11/3.2

Attachment – Purchasing Procedures



Shire of Tammin

Schedule 2.1.3 (a) – Purchasing Procedures (PRO2.1.3)

1. Council purchase orders are to be signed only by Officers authorised by Council, namely the:
 - Chief Executive Officer; (unlimited)
 - Manager Finance and Administration; Limit \$50,000
 - Manager Technical Services; Limit \$50,000
 - Community Engagement Officer; Limit \$5,000 or those Officers acting in the positions from time to time.
2. Authority limitations apply to any purchase including signing of contracts in accordance with Delegation DA8 and DA9;
3. An official purchase order must be placed for all goods or services (including consultants' opinions, e.g. legal, engineering, Shire planning, etc) ordered;
4. Standing Purchase Order – these are commitments made against a particular supplier for goods or services that are regularly procured over a specified period, usually one financial year. The full value of the commitment is restricted to the amount in the approved budget, allowing for a spread over more than one supplier. Standing order numbers will need to be quoted to the supplier for inclusion in their invoice. Do not provide a printed copy of "Standing Purchase Orders" to suppliers. Standing orders will be expedited by Finance at the end of each financial year and will need to be re-established in the new financial year.
5. Emergency Order – emergency orders can only be processed outside the procurement process when any of the following events are likely to occur:
 - Possible cause of injury or loss of life
 - Potential to result in destruction of property
 - Possible loss or disruption to the Shire's stakeholders or core functions
 - Will seriously impair the reputation of the Shire in the local or wider community

In such cases, the purchaser will initially make a purchase commitment with a third party without following all the processes in this procedure. The purchase order is to be raised as soon as possible following the initial commitment.
6. When ordering by telephone a purchase order number must be quoted and the original of the order to be forwarded to the supplier endorsed "Confirmation of Telephone Order on "(date)".
7. All Officers are to ensure that when issuing a Council order for goods or services that a current account number (which will reflect the Budget estimate for those goods or services) be quoted on the Council order. This will ensure that:-
 - 7.1 expenditure is allocated to the correct Budget item (with the job number account being noted on the Council order); and
 - 7.2 that sufficient funds are identified against the job number account before expenditure is authorised.



Shire of Tammin

8. In order that costs are adequately controlled before issuing a Council purchase order Officers must check against their current Budget estimates for the current financial year and monthly expenditure reports to ensure that there are sufficient funds to cover the cost of the goods or services being ordered;
9. Roles of Finance:
 - Finance Officers will provide initial training and support to Authorised Purchasing Officer;
 - Finance staff will review purchase orders prior to paying invoices to ensure compliance with the Purchasing Policy including ensuring that all relevant quotes are attached. Should there be any non-compliance, payment of the invoice will be placed on hold. An email will be sent to the Purchaser seeking a valid reason which will need to be confirmed by the CEO. Once this has been received, payment will be processed.
 - Goods receipt amounts will be matched to supplier's invoice and processed for payment in line with their terms. Any variance greater than 10% will be referred back to the Purchaser.
 - Purchase orders will be reviewed every three months to ensure obsolete orders are expedited.
10. Where possible, Council use environmentally friendly paper products including recycled paper;
11. All purchases must also comply with Policy 2.1.3 – Purchasing Policy.



Shire of Tammin

Schedule 2.1.3 (b) – Regulatory Compliance for all Purchasing

1. Sole Source of Supply (Monopoly Suppliers)

- a) Procurement 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 has been made,
 - written confirmation of this must be kept on file for later audit.
- b) The application of provision “sole source of supply” should only occur in very few cases and procurement experience indicates that generally more than one supplier is able to provide the requirements.
- c) Approval of purchasing from a monopoly supplier other than those exempted in the Regulations is restricted to the CEO.

2. Anti-Avoidance

- a) The Shire 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 a particular threshold to avoid the requirements of higher level of compliance.

3. Specifications

- a) Before submission or quotes or tenders are sought, the CEO is to determine in writing the specifications under Schedule 3.1(b) for deciding the standards and requirements of the purchase.

4. Selection

- a) Before submission or quotes or tenders are sought, the CEO is to determine in writing the selection criteria under Schedule 3.1(b) for deciding which offer should be accepted.

5. Receiving Submissions

- a) All submissions are to remain confidential until the purchase decision is made.

6. Evaluation of Submissions

- a) Evaluation is to be recorded against the specifications set and assessment criteria established. Reasons for the decision are to be recorded.
- b) Where an evaluation panel is established under Schedule 3.1(b) it should include a mix of skills and experience relevant to the nature of the purchase.

7. Records Management

- a) All records associated with the procurement process must be recorded and retained. For a tender process this includes –
 - Tender documentation, including specifications and assessment criteria,
 - Internal documentation,
 - Evaluation documentation,
 - Enquiry and response documentation,
 - Notification and award documentation.
- b) For a direct purchasing process this includes –
 - Quotation documentation, including any specification and assessment criteria
 - Internal documentation, such as evaluation etc



Shire of Tammin

- Purchase orders issued and requisitions.
- c) Record retention shall be in accordance with the minimum requirements of the State Records Act, and the Shire's internal records management policy.



Shire of Tammin

Schedule 2.1.3 (c) –Specific requirements for tenders

1. Requirement to call tenders

The requirements to call tenders is –

- a) as per Regulations;
- b) where required or directed by Council,
- c) at the discretion of the CEO, and
- d) applies to both purchases and disposition of property.

2. Tender Exemption

In some instances public tenders or quotation procedures are not required, regardless of the value of expenditure. The permitted exemptions are stipulated in the Local Government (Functions and General) Regulations 1996 r.11.

3. Tender documentation

Tenders will not be made available (counter, mail, internet, referral, or other means) without recording the details of all parties who acquire the documentation.

This is essential since if clarifications, addendums or further communication is required prior to the close of tenders, all potential tenderers must have equal access to this information in order for the Shire of Tammin not to compromise its duty to be fair.

4. Purchase Criteria

- a) Before submission or quotes or tenders are sought, the CEO is to determine in writing under delegated authority the specifications and selection criteria for deciding which offer should be accepted.

5. Tender Deadline

A tender that is not received in full in the required format by the advertised tender deadline is to be rejected.

6. Receiving and Opening Tenders

- a) All tenders must be clearly marked, sealed and placed in the locked tender box until the official opening.
- b) When lodgement of tenders by email is permitted, the email is to be sent to a separate email inbox that remains unused until the close of the tender period.
- c) When tenders are opened there must be at least two employees present, or one local government employee and at least one person authorised by the CEO.

7. Tender Acceptance

All tenders and procurement over \$150,000 are to be presented to Council for decision.