



# Shire of Tammin

## Purchasing Policy

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RESPONSIBLE OFFICER

Chief Executive Officer

### OBJECTIVE

The objectives of this policy are to:

- ensure best practice policies and procedures are followed in relation to procurement for the Shire of Tammin (the Shire);
- ensure compliance with the Local Government Act 1995 (the Act) and Part 4 of the Local Government (Functions and General) Regulations 1996 (the Regulations);
- ensure compliance with the State Records Act 2000 and associated records management practices and procedures of the Shire;
- undertake procurement processes that ensure value for money for the Shire by delivering the most advantageous outcome possible;
- ensure openness, transparency, fairness and equity through the procurement process to all potential suppliers; and
- ensure efficient and consistent procurement processes are implemented and maintained across the Shire.

### SCOPE

This policy applies to all procurement activities undertaken by the Shire's officers, appointed representatives and, where applicable, contractors procuring on behalf of the Shire.

### POLICY

#### 1 Ethics & Integrity

##### 1.1 Code of Conduct

All officers of the Shire undertaking procurement activities are expected to have regard for the Code of Conduct requirements and observe the highest standards of ethics and integrity. All officers of the Shire are expected to act in an honest and professional manner consistent with the Shire's values.

##### 1.2 Procurement Principles



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The following principles, standards and behaviours must be observed and enforced through all stages of the procurement process to ensure the fair and equitable treatment of all parties:

- full accountability shall be taken for all procurement decisions and the efficient, effective and proper expenditure of public monies to achieve value for money;
- all procurement practices shall comply with relevant legislation, regulations, and requirements consistent with the Shire's applicable policies and Code of Conduct;
- procurement is to be undertaken on a competitive, in the context of this policy framework, basis where all potential suppliers are treated impartially, honestly and in a similar manner;
- 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;
- any information provided to the Shire by a supplier shall be treated as commercial-in confidence and should not be released unless authorised by the supplier or relevant legislation; and
- any canvassing of the Shire's Councillors or staff shall disqualify Suppliers / contractors seeking to do business with the Shire in relation to the applicable procurement.

## **2 Value for Money**

Value for money is an overarching principle governing procurement that seeks the best possible outcome for the Shire. Compliance with the specification is more important than obtaining the lowest price, particularly taking into account user requirements, safety and quality standards, sustainable procurement objectives, timeliness of supply, whole of life cycle costing and other relevant service benchmarks.

However, when a higher priced offer(s) is recommended, there should be clear and demonstrable benefits over and above the lowest total priced offer(s).

## **3 Purchasing Requirements**

### **3.1 Legislative / Regulatory Requirements**



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The requirements that must be complied with by the Shire are prescribed within the Local Government Act 1995 and the Local Government Act (Functions and General) Regulations 1996.

## 3.2 Tendering Exemptions

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 s.11.

## 3.3 Purchasing Thresholds

The Purchasing Threshold relates to the actual or expected value of a contract over the full contract period or the extent to which the Shire will continue to purchase a particular category of goods, services or work and the total value of that purchase.

| Purchase Value Threshold ( <i>ex GST</i> )            | Purchasing Practice   |
|---|---|
| Up to \$2,500<br>( <i>ex GST</i> )                    | Direct purchase from a supplier based on a verbal or written quote where possible.<br>Quotations not required for items of minor or recurrent nature, such as groceries, stationery, hardware, mechanical, reticulation consumables etc.  |
| From \$2,501 and up to \$20,000<br>( <i>ex GST</i> )  | Seek at least two (2) verbal or written quotations from suitable suppliers except if purchasing from a WALGA Preferred Supplier Agreement (PSA), Common Use Agreement (CUA) or other tender exempt arrangement.<br>The purchasing decision is to be based upon assessment of the suppliers response to: <ul style="list-style-type: none"><li>• a brief outline of the specified requirement for the goods; services or works required; and</li><li>• Value for Money criteria, not necessarily the lowest price.</li></ul> |
| From \$20,001 and up to \$50,000<br>( <i>ex GST</i> ) | Seek at least three (3) written quotations from suitable suppliers except if purchasing from a WALGA PSA, CUA or other tender exempt arrangement.<br>The purchasing decision is to be based upon assessment of the suppliers' responses to: <ul style="list-style-type: none"><li>• a brief outline of the specified requirement for the goods; services or works required; and</li><li>• Value for Money criteria, not necessarily the lowest quote.</li></ul>   |



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| Purchase Value Threshold ( <i>ex GST</i> )                    | Purchasing Practice   |
|---|---|
| From \$50,001 and up to \$250,000 ( <i>ex GST</i> )           | <p>Seek at least three (3) written responses from suitable suppliers except if purchasing from a WALGA PSA, CUA or other tender exempt arrangement.</p> <p>The purchasing decision is to be based upon assessment of the suppliers response to:</p> <ul style="list-style-type: none"> <li>• a detailed written specification for the goods, services or works required; and</li> <li>• Value for Money criteria, not necessarily the lowest quote.</li> </ul>  |
| Over \$250,000 ( <i>ex GST</i> )                              | <p><b>Tender Exempt</b> arrangements (i.e. WALGA PSA, CUA or other tender exemption under <i>F&amp;G Reg.11(2)</i>)</p> <p><u>OR</u></p> <p><b>Public Tender</b> undertaken in accordance with the <i>Local Government Act 1995</i> and relevant Shire of Tammin Policy and procedures.</p> <p>The Tender Exempt or Public Tender purchasing decision is to be based on the suppliers response to:</p> <ul style="list-style-type: none"> <li>• A detailed specification; and</li> <li>• Pre-determined selection criteria that assesses all best and sustainable value considerations.</li> </ul>  |
| Emergency Purchases ( <i>Within Budget</i> )                  | <p>Where goods or services are required for an emergency response and are within scope of an established Panel of Pre-qualified Supplier or existing contract, the emergency supply must be obtained from the Panel or existing contract using relevant unallocated budgeted funds.</p> <p>However, where due to the urgency of the situation; a contracted or tender exempt supplier is unable to provide the emergency supply <u>OR</u> compliance with this Purchasing Policy would cause unreasonable delay, the supply may be obtained from any supplier capable of providing the emergency supply. However, an emergency supply is only to be obtained to the extent necessary to facilitate the urgent emergency response and must be subject to due consideration of best value and sustainable practice.</p> |
| Emergency Purchases ( <i>No budget allocation available</i> ) | <p>Where no relevant budget allocation is available for an emergency purchasing activity then, in accordance with s.6.8 of the <i>Local Government Act 1995</i>, the President must authorise, in writing, the necessary budget adjustment prior to the expense being incurred.</p> <p>The CEO is responsible for ensuring that an authorised emergency expenditure under s.6.8 is reported to the next ordinary Council Meeting.</p>   |



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| Purchase Value Threshold (ex GST)                           | Purchasing Practice  |
|---|--|
|   | The Purchasing Practices prescribed for Emergency Purchases (within budget) above, then apply.   |
| LGIS Services<br>Section 9.58(6)(b)<br>Local Government Act | The suite of LGIS insurances are established in accordance with s.9.58(6)(b) of the <i>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.<br><br>Should Council resolve to seek quotations from alternative insurance suppliers, compliance with this Policy is required. |

Whenever it is not possible to meet the procurement requirements of the Shire, appropriate justification must be documented through records in accordance with the Shire's Recordkeeping Management Practice and approved by the CEO.

### 3.4 Inviting Tenders under the Tender Threshold

Where considered appropriate and beneficial, or to manage procurement risk, the Shire may consider publicly advertising Tenders in lieu of undertaking a Request for Quotation for purchases under the tender threshold (\$250,000). This decision should be made after considering the benefits of this approach in comparison with the costs, timeliness and compliance requirements. 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.

### 3.5 Sole Source of Supply

Where the procurement requirement is 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 demonstrate 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 any alternative sources of supply. From time to time, the Shire may publicly invite an expression of interest to effectively determine that one sole source of supply prevails in this situation.

### 3.6 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



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purchase or contract to take the value of the purchase in consideration below a particular purchasing threshold. Refer to Regulations 12(1) and 12(2).

## **3.7 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 the Shire's procurement requirement in advance and to allow sufficient time to obtain quotes and tenders, whichever may apply.

## **4 Records Management**

Records relating to all procurement activities must be retained in compliance with the State Records Act 2000 (WA), the Shire's Recordkeeping Management Practice and associated procurement procedures. As a minimum a comprehensive register of all contracts is to be maintained, with all contract information, where the value required an Open Tender to be conducted in line with the Local Government Regulations threshold.

## **5 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).

The Shire will apply Sustainable Procurement criteria as part of the value for money assessment to ensure that wherever possible our suppliers demonstrate outcomes which contribute to improved environmental, social and local economic outcomes.

Sustainable Procurement can be demonstrated as being internally focussed (i.e. operational environmental efficiencies or employment opportunities and benefits relating to special needs), or externally focussed (i.e. initiatives such as corporate philanthropy).

## **6 LOCAL ECONOMIC BENEFIT**

The Shire promotes economic development through the encouragement of competitive participation in the delivery of goods and services by local suppliers permanently located within its District first, and secondly, those permanently located within its broader region. As much as practicable, the Shire will:

(a) consider buying practices, procedures and specifications that encourage the inclusion of local businesses and the employment of local residents;



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- (b) consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
- (c) ensure that procurement plans, and analysis is undertaken prior to develop 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;
- (d) 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;
- (e) avoid bias in the design and specifications for Requests for Quotation and Tenders – all Requests must be structured to encourage local businesses to bid;
- (f) consider the adoption of Key Performance Indicators (KPIs) within contractual documentation that require successful Contractors to increase the number of employees from the District first; and
- (g) provide adequate and consistent information to local suppliers.

## DEFINITIONS

WALGA PSA

## RELEVANT LEGISLATION/ LOCAL LAW

*Local Government (Functions and General) Regulations 1996 - s.11A*

| Office Use Only      |      |             |              |           |
|----------------------|------|-------------|--------------|-----------|
| Relevant Delegations |      |             |              |           |
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