

Purchasing Policy

1 POLICY

City of Vincent (the “**City**”) is committed to 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**”).

2 OBJECTIVES

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

- demonstrate that value for money is attained for the City;
- are compliant with relevant legislation, codes and standards, including the Act and Regulations;
- are recorded in compliance with the *State Records Act 2000* and associated records management practices and procedures of the City;
- demonstrate probity by establishing consistent processes that promote 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;
- ensure that goods and services to be procured are necessary and fit for purpose;
- properly evaluate and consider the safety and health characteristics of any goods/services prior to being introduced into the City’s workplaces;
- are supported by Budget provisions or comply with section 6.8(1) of the Act; and
- are conducted in a consistent and efficient manner across the City and that ethical decision making is demonstrated.

3 VALUE FOR MONEY

Value for money is the difference between the total benefit derived from a good or a service against its total cost, when assessed over the period the goods or services are to be used. Achieving best value for money at the individual purchase level requires that assessments consider cost and non-cost factors, where relevant, the overall objective of the procurement and make a value judgement about the best outcome.

In addition to a qualitative assessment of the procurement, an assessment of the value for money outcome for any purchasing process should consider:

- an initial needs assessment to determine the ongoing relevance and necessity for the procurement and mode of delivery;
- the up-front, after purchase and fit-for-purpose costs and risks associated with the procurement;
- all relevant total costs of ownership and benefits including up-front price, transaction costs associated with acquisition, delivery, use, holding, maintenance and disposal (including where appropriate residual or resale values);

- overall objectives of the procurement and outcome being sought. 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.
- non-cost factors such as fitness for purpose, quality, delivery, service, support and sustainability impacts.
- the supplier's 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 good corporate social responsibility; and
- providing opportunities for businesses within the City's boundaries to be given the opportunity to quote for providing goods and services wherever possible.

4 PURCHASING REQUIREMENTS

4.1 Values

Purchasing that is **\$150,000 or below in total value** (excluding GST) must be in accordance with the purchasing requirements under the relevant threshold as defined under section 4.4 of this Purchasing Policy.

Purchasing that **exceeds \$150,000 in total value** (excluding GST) must be put to public Tender when it is determined that a regulatory Tendering exemption, as stated under 4.7 of this Policy is not deemed to be suitable.

4.2 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 City 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; and
3. If a purchasing threshold would be reached within three years for a particular contract for procurement, then the purchasing requirement under the relevant threshold (including the tender threshold) would need to be considered.

4.3 Purchasing from Existing Contracts

Where the City 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.

4.4 Purchasing Thresholds

In addition to the other policy provisions the table below prescribes the purchasing request process to be applied, based on the proposed purchase value:

Purchase Value Threshold	Purchasing Requirement Open Market	Purchasing Requirement Pre-Qualified Suppliers
Up to \$200	<p>Direct Purchase from the open market with zero quotations required.</p> <p>This purchasing method is suitable where the purchase is in a known market or is very low risk and where the cost of seeking quotes would be unreasonable on a cost to benefit analysis basis.</p>	<p>Purchase directly from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the City; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA <p>with zero quotations required.</p>
Over \$200 and up to \$5,000	<p>Seek two written* quotations from the open market.</p> <p>Officers may use their general knowledge of the market, advertisements, in-store price comparisons, catalogues, supplier web sites and any other reasonable means to determine whether the purchase represents value for money.</p> <p>*Where a written quote is not feasible a written note of the verbal quotation is to be recorded.</p>	<p>Purchase directly from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the City; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA <p>requiring one written quotation.</p> <p>*Where a written quote is not feasible a written note of the verbal quotation is to be recorded.</p>
Over \$5,000 and up to \$20,000	<p>Seek two written quotations from the open market.</p> <p>Officers may use their general knowledge of the market, advertisements, in-store price comparisons, catalogues, supplier web sites and any other reasonable means to determine whether the purchase represents value for money.</p> <p>Different suppliers should be used from time to time to test value for money for regular purchases.</p>	<p>Purchase directly from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the City; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA <p>requiring one written quotation.</p> <p>Officers should seek more than one direct quotation if they are not satisfied that their first choice of supplier would represent value for money.</p>
Over \$20,000 and up to \$50,000	<p>Seek three written quotations from the open market including a brief outlining the specified requirement.</p>	<p>Seek two written quotations including a brief outlining the specified requirement from either:</p>

Purchase Value Threshold	Purchasing Requirement Open Market	Purchasing Requirement Pre-Qualified Suppliers
		<ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the City; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA
Over \$50,000 and up to \$150,000	<p>Seek at least three written quotations from the open market by formal invitation under a Request for Quotation (RFQ), containing pricing schedule and detailed specification of goods and services required.</p> <p>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.</p>	<p>Seek three written quotations from a pre-qualified panel of suppliers (whether administered by the City through the WALGA preferred supply program or State Government CUA) are not required to be invited using a RFQ form.</p>
Over \$150,000	<p>Conduct a public Request for Tender process in accordance with Part 4 of the <i>Local Government (Functions and General) Regulations 1996</i>, this policy and the City's tender procedures.</p> <p style="text-align: right;">(Council Approval or Delegated Authority)</p>	<p>Where the purchase is expected to be within \$150,000 - \$250,000:</p> <p>Obtain at least three written quotations from suppliers by formal invitation under a Request for Quotation (RFQ), containing price and detailed specification of goods and services required.</p> <p>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.</p> <p style="text-align: right;">(CEO Approval)</p>

4.5 Sole Source of Supply

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 and goods/services must be made, with a written confirmation of this recorded.

Once determined, the justification for a sole source of supply must be endorsed by the Chief Executive Officer or Director, prior to a contract being entered into, or a purchase order raised.

4.6 Sustainable Procurement

The City is committed to sustainable procurement and will adopt strategies to avoid unnecessary consumption and manage demand. Where appropriate, the City shall endeavour to design quotations and tenders to provide an advantage

to goods, services and processes that minimise negative social and environmental impacts while maximising social and environmental benefits.

These considerations must however, be balanced against value for money outcomes to ensure the City's economic viability, essential to its long term sustainability.

4.7 Tendering Exemptions

The City limits the discretion from the requirement to call tenders provided under section 11(2) of the Regulations, to values under \$250,000. Accordingly, tenders do not have to be publicly invited for contracts under \$250,000 in the following instances:

- the purchase is obtained from a pre-qualified supplier under the WALGA Preferred Supply Program or State Government Common Use Arrangement (CUA).
- 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;
- the purchase is from a pre-qualified supplier under a Panel established by the City; or
- any of the other exclusions under Regulation 11 of the Regulations apply.

Notwithstanding the above, in circumstances that meet the requirements of section 11(2) of the Regulations and where it can be demonstrated to the satisfaction and approval of the CEO, that value for money outcomes will not be achieved or some other relevant imperative, public tenders will not need to be invited for contracts expected to be worth more than \$250,000.

4.8 Council Approvals

The Regulations provide that Council is required to Accept tenders (subject to approved Delegations of Authority). For the avoidance of doubt, Council approval is not required for the provision of goods or services when public tenders are not required to be invited (and are not invited), providing the expenditure is authorised through the annual budget or approved in accordance with section 6.8(1) of the Act.

Section 13 of the Regulations specify that if:

“a local government, although not required by this Division to invite tenders before entering into a contract for another person to supply goods or services, decides to invite tenders, the tenders are to be publicly invited to the requirements of this Division.”

5 PANELS OF PRE-QUALIFIED SUPPLIERS

5.1 Policy Objectives

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 City 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 City has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

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

5.2 Application

If the City determines it beneficial for a Panel to be created, it must do so in accordance with Part 4, Division 3 of the *Local Government (Functions and General) Regulations 1996*.

5.3 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.

The City will take into account its purchasing thresholds when distributing work among panel members.

Each quotation process, including the invitation to quote, communications with panel members, quotations received, evaluation of quotes and notification of award (via purchase order) communications must all be captured on the City’s electronic records system. A record is to be maintained for each quotation process made under each Panel that captures all communications between the City and Panel members.

6. RECORDS MANAGEMENT

Records of all purchasing activity must be retained in compliance with the *State Records Act 2000 (WA)*, the City’s Records Management Policy and associated procurement procedures.

7. ADOPTION

Adoption of this Purchasing Policy was endorsed by the Council:

Date Adopted	06/03/2018	Item Number: 11.5
Date Amended		
Date Reviewed		
Date of Next Review		

Policy/Procedure Links:

	Policy Number	Reference
Records Management Policy		
Procurement Procedures		