

2.1.3 Purchasing

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

Policy

The Town of East Fremantle (the “Town”) 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 Town’s prescribed procurement procedures.

This Policy aims to ensure all procurement decisions are made in a consistent manner using an equitable process that will help to mitigate risk, demonstrate value and achieve the most advantageous outcome for the Town.

Policy Statement

Procurement decisions will be made using the following principles:

- (1) **Ethical Behaviour and Fair Dealing**
Employees of the Town must conduct all procurement and business relationships with honesty, integrity, fairness, diligence and a high degree of care, ensuring processes are appropriate and compliant. Procurement processes must be transparent and free from bias and will be supported by Employee Code of Conduct and a Statement of Business Ethics, approved by the CEO outlining the behavioural standards expected by the Town from its employees, suppliers and contractors in conducting its business. Any canvassing of the Town’s Elected Members or staff is strictly prohibited on current procurement activity.
- (2) **Value for Money (VFM)**
Achieving value for money reflects the best possible outcome by considering cost and non-cost factors in procurement decisions. Non-cost factors are important in reducing risk and determining whole of life outcomes that do not adversely impact the community or environment.

These include safety and quality considerations, fit for purpose (specification), timeliness, sustainability (social and environment – circular supply), economic (local & regional) and relevant service benchmarks. Where a higher cost conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced conforming offer.

The Town recognises that in achieving long term value for money, appropriate strategic business partners may be developed with suppliers for specific supply categories. All strategic procurement partners will be reviewed on a periodic basis as per their associated arrangement, to a minimum period of every three (3) years from the commencement of the partnership. The acceptance of higher priced submissions must always be supported by justification, presenting demonstrable benefits proportionate to the level of activity.

All pre-qualified, approved, and strategic business partnership suppliers will be systematically reviewed in line with contract terms and performance criteria (at least three yearly or as required). This requirement will assess whether VFM continues to be achieved by the Town with any renewal or extension of contract arrangements.

(3) **Open and Effective Competition**

Competition is encouraged through the sourcing requirements of the procurement thresholds (below) and any allowable exemptions as outlined within this Policy.

The expected level of effective competition will depend on the pre-determined market engagement strategy (public, selective, pre-qualified) as identified in the procurement plan and the assessed level of procurement risk to the Town. Town employees are to source across a range of diverse suppliers, to ensure market opportunities are considered.

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 Town 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 Thresholds

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

Purchase Value Threshold	Purchasing Requirement
Up to \$5,000 (exc GST)	<p>Purchase directly from a supplier using a Purchasing or Corporate Credit Card issued by the Town, or obtain at least one (1) oral or written quotation from a suitable supplier, either from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the Town; 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.
Over \$5,001 and up to \$20,000 (exc GST)	<p>Request at least two (2) written quotations from suppliers following a brief outlining the specified requirement, either from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the Town; or • a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government CUA; or • from the open market. <p>The purchasing decision is to be based upon assessment of the supplier's response to:</p> <ul style="list-style-type: none"> • 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.
Over \$20,001 and up to \$50,000	<p>Request at least three (3) written quotations from suppliers following a brief outlining the specified requirement, either from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the Town; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; or • from the open market. <p>The purchasing decision is to be based upon assessment of the supplier's response to:</p> <ul style="list-style-type: none"> • 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. <p>The procurement decision is to be represented using the Brief Evaluation Report Template.</p>

<p>Over \$50,001 and up to \$250,000 (exc GST)</p>	<p>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.</p> <p>Quotations within this threshold may be obtained from:</p> <ul style="list-style-type: none"> • an existing panel of pre-qualified suppliers administered by the Town; or • a pre-qualified supplier on the WALGA Preferred Supply Program (e-Quotes) or State Government CUA; or • from the open market. <p>Requests for quotation from a pre-qualified panel of suppliers (whether administered by the Town 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.</p> <p>The purchasing decision is to be based upon assessment of the supplier's response to:</p> <ul style="list-style-type: none"> • a detailed written specification for the goods, services or works required and • pre-determined evaluation criteria that assesses all best and sustainable value considerations. <p>The procurement decision is to be represented using the Evaluation Report template.</p>
<p>Over \$250,000 (exc GST)</p>	<p>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 Town'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.</p> <p>The purchasing decision is to be based upon the supplier's response to:</p> <ul style="list-style-type: none"> • 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. <p>The procurement decision is to be represented using the Evaluation Report template.</p>

Unless otherwise approved in writing by the Chief Executive Officer, the Town will maintain a principal period of three (3) years for all initial procurement activities and contracts. The Town will periodically review recent past purchasing activity across its operations to identify categories of supply for which the Town 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 supplied by a single supplier will determine the Purchasing Value threshold applicable to future purchasing activity.

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 endeavors 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 Executive Manager Corporate Services 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 Town of East Fremantle
 - Supplier is an Aboriginal Business
 - Supplier is Disability Enterprise
 - Delivery of goods or services is time critical
 - The local government has good reason to believe that, because of the unique nature of the goods or services required or for any other reason, it is unlikely that there is more than one potential supplier
2. all other requirements of this policy applicable to that type or value of purchase apply.

The following supply categories are also exempt from quotation requirements, provided that the total value of Procurement does not exceed \$250,000 ex GST over a three-year period.

1. Purchasing from Legal Service Providers

The Town of East Fremantle 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 Executive Manager (under delegated authority) based on factors including the panel provider undertaking similar work on behalf of the Town, specialist expertise as well as being based on standard contract performance. This supply category is exempt from the minimum quotation requirements.

2. Procurement of labour hire

The Town of East Fremantle 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 Town 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

Town and someone who will carry out their duties and responsibilities in-line with the Town's ethos. This does not preclude the value for money section of the Town's purchasing policy. This supply category is exempt from the minimum quotation requirements.

3. Purchasing from Uniform Providers

The Town of East Fremantle 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 to be obtained. All purchases are still subject to a value for money judgement prior to issuing a Purchase Order.

4. Purchasing from Stationery Suppliers

The Town of East Fremantle will utilise either the WALGA preferred supplier contract or Social Enterprises (Disability and Aboriginal Corporations) for stationery purchases. The Town 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.

5. Purchasing of Accounting and Strategic Financial Services

The Town of East Fremantle 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 Town, specialist expertise as well as being based on standard contract performance. This supply category is exempt from the minimum quotation requirements.

6. Specific Organisational Expertise

The Town of East Fremantle acknowledges that on occasion, contractors may have a unique understanding of Council procedures and/or software obtained through previous experience with the Town.

In cases where this specific expertise or knowledge of the Council is demonstrated to be beneficial to the Town or provides significant cost savings, purchases may be made from these contractors without obtaining the minimum number of quotations required. This exception recognises that such specialised knowledge and experience may lead to enhanced efficiency, reduced risk, and cost and time savings. This supply category is exempt from the minimum quotation requirements.

7. Other Exemptions

The Town is also not required to undertake a competitive procurement process for the following where the total value of Procurement does not exceed \$250,000 ex GST over a three-year period:

- (a) annual renewals for software maintenance, support and licensing fees,
- (b) engagement of artists or performers,
- (c) memberships and subscriptions,
- (d) provision of advertising services,
- (e) provision of utility services,
- (f) provision of software and support by a third-party provider from a software developer that is known to the Town, that demonstrates value for money.

Sustainable Procurement and Corporate Social Responsibility

The Town is committed to providing a preference to suppliers that demonstrate sustainable business practices and high levels of corporate social responsibility (CSR). Where appropriate, the Town 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 Town's sustainability objectives.

For formal procurement decisions, the Town 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 Town will support the purchasing of recycled and environmentally sustainable products whenever a value for money assessment demonstrates benefit toward achieving the Town'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.

Where possible, Australian Disability Enterprises and 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 these businesses, or businesses that demonstrate a high level of employment diversity.

3. Local Economy (with boundaries of the Southwest Group)

The Town 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
 - 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).

Authorisation of Expenditure

Acceptance of tenders and quotations and the authorisation of expenditure is to comply with the Town'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 Town's annual budget.

Record Management

Records of all purchasing activity must be retained in compliance with the *State Records Act 2000* (WA); the Town'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;
- 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.

Responsible Directorate:	Corporate Services
Reviewing Officer:	Chief Executive Officer
Decision making Authority:	Council
Policy Adopted:	16/8/16
Policy Amended/Reviewed:	19/6/18, 17/9/19, 19/11/19, 10/12/19, 19/5/20, 15/9/20, 8/12/20, 20/7/21, 18/3/25, 19/9/25
Former Policy No:	4.2.4

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)
 - Executive Manager Corporate Services; Limit **\$50,000** (*With exceptions for below Liability Payments*):
 - Loan Repayments - (\$200,000.00)
 - DFES ESL Payments – As required based on ESL payment schedule
 - Insurance Invoices - (\$250,000.00)
 - ATO Payments (PAYG, GST Payable, & FBT Payable) – (\$150,000.00)
 - Superannuation Liability Payments – as required to meet statutory requirements
 - Payment of wages – As required
 - Executive Manager Regulatory Services; Limit \$50,000
 - Executive Manager Technical Services; Limit \$50,000
 - Operations Supervisor; Limit \$15,000
 - Supervisor Infrastructure and Assets, Limit \$15,000
 - Finance Manager, Limit \$15,000
 - Manager People and Culture; Limit \$5,000
 - Coordinator Corporate Services; Limit \$5,000
 - Executive Assistant/Governance Coordinator; Limit \$5,000
 - Coordinator Regulatory Services; Limit \$5,000
 - Coordinator – Operations; Limit \$5,000
 - Manager CHSP (CHSP related purchases only); Limit \$5,000
 - Manager Community Engagement and Communication; \$5,000
 - Senior Ranger; Limit \$2,000
 - Principal Environmental Health Officer; Limit \$1,500or those Officers acting in the positions
All of the above thresholds are GST exclusive.
2. Authority limitations apply to any purchase including signing 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, town planning, etc.) ordered, prior to an invoice being received by the Town. Should an invoice be received without a purchase order having been created, a Creditor Request Form must be completed and authorised prior to payment of the invoice;
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. 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 Town's stakeholders or core functions
 - Will seriously impair the reputation of the Town 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 and prior to the invoice being received.

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. Should an exception to the purchasing policy be applied to an order, an authorised 'exception form' **must** be attached to the Requisition/Purchase order in Synergysoft for the exemption to be valid.
 8. 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:-
 - 8.1 expenditure is allocated to the correct Budget item (with the job number account being noted on the Council order); and
 - 8.2 that sufficient funds are identified against the job number account before expenditure is authorised.
 9. 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;
 10. Roles of Finance:
 - Finance Officers will provide initial training and support to Authorised Purchasing Officer;
 - Finance staff will review purchase orders on a periodic basis to ensure compliance with the Purchasing Policy including ensuring that all relevant quotes are attached. An email will be sent to the Purchaser seeking a valid reason why the Purchasing Policy was not complied with and they will be asked to provide the requested number of quotes to be attached to the purchase order. A report will be prepared yearly for presentation to the Audit and Risk Committee.
 - 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 to the Purchaser.
 - Purchase orders will be reviewed every three months to ensure obsolete orders are expedited.
 11. Where possible, The Town is to use environmentally friendly paper products including recycled paper;
 12. All purchases must also comply with Policy 2.1.3 – Purchasing Policy.
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