

Purchasing Policy

1. OBJECTIVE

The objectives of this Policy are to:

- (a) Align procurement at the Town of Bassendean with the strategic and operational objectives of Council, consistent with Council's priorities to support the local economy and environmentally sustainable outcomes, while providing value for money; and
- (b) Ensure procurement at the Town is conducted in compliance with applicable legislation, regulation, standards and policy.

2. SCOPE

The Policy applies to all Town officers undertaking procurement on behalf of the Town.

3. POLICY STATEMENT

The Town is committed to best practice in the procurement of goods and services that align with the principles of transparency, probity and good governance and complies with the *Local Government Act 1995* and Part 4 of the *Local Government (Functions and General) Regulations 1996*.

4. POLICY DETAILS

4.1 Ethics & Integrity

All officers of the Town are to observe the highest standards of ethics, honesty, fairness and integrity when undertaking purchasing activities and act in an honest, fair and professional manner consistent with the Town's values. Ethical behaviour includes avoiding conflicts of interest and disclosing any actual or perceived conflict of interest.

The Town's Code of Conduct details the behavioural expectations of Town Officers.

4.2 Value for Money

Value for money is the overarching principle guiding all procurement activities. Value for money does not mean accepting the lowest quote. Value for money is achieved through the critical assessment of price, risk, safety and quality standards, financial viability of suppliers, timeliness, past contractor performance, specified qualitative criteria, as well as environmental sustainability, social and local outcomes to determine the best value for the Town.

4.3 Procurement Risk

The Town will effectively manage risk in procuring goods and services from external contractors and suppliers to achieve the best procurement outcomes in accordance with this Policy. The Town may engage an independent Probity Auditor for projects assessed as presenting high reputational, financial or community risk.

The Town's Procurement Manual provides a best practice procurement resource for each stage of the procurement process and must be followed for all procurement activity within the Town.

4.4 Purchasing Thresholds and Practices

4.4.1 Defining the Purchasing Value

The Town will apply the following principles to assess and determine purchasing values to ensure appropriate purchasing practice and threshold management for all purchasing activities:

- (a) Exclude Goods and Services Tax (GST);
- (b) Use the estimated total expenditure for the proposed supply including the value of all contract extension options and where applicable, the total cost of ownership considerations;
- (c) If a purchasing threshold is expected to be reached within three years for a particular supplier, the higher threshold is to be used to determine the purchasing requirements;
- (d) The appropriate length of a contract is to be determined based on market volatility, ongoing nature of supply, historical purchasing evidence and estimated future purchasing requirements; and
- (e) Requirements must not be split to avoid purchasing or tendering thresholds.

The calculated estimated purchasing value will determine the applicable threshold and purchasing practice.

4.4.2 Purchasing Thresholds

The purchasing value determines the applicable purchasing threshold and the sourcing requirements, as specified in the following table:

Purchase Value Threshold (<i>ex GST</i>)	Sourcing Requirement
Up to \$2,000	Obtain at least One (1) verbal quotation from a suitable supplier.
From \$2,001 and up to \$5,000	Obtain at least one (1) written quotation from a suitable supplier. A record of the purchasing decision must be kept in accordance with the Town's Record Keeping Plan.

Purchase Value Threshold (<i>ex GST</i>)	Sourcing Requirement
From \$5,001 and up to \$100,000	<p>Seek at least three (3) written quotations (including through an electronic procurement portal or email) from suitable suppliers using the applicable RFQ documentation specified in the Town's Procurement Manual.</p> <p>The purchasing decision is to be based upon assessment of the suppliers' responses to:</p> <ul style="list-style-type: none"> • The specified requirement for the goods or services required; and • Value for money criteria. <p>Quotations received are subject to relevant evaluation, review and approvals using the documentation specified in the Town's Procurement Manual.</p> <p>A record of the purchasing decision must be kept in accordance with the Town's Record Keeping Plan.</p>
From \$100,001 and up to \$250,000	<p>Request For Quotation (RFQ).</p> <ul style="list-style-type: none"> • Conduct an RFQ process in accordance with this Policy and the Town's Procurement Manual by seeking at least three (3) written quotations from suitable suppliers using the applicable RFQ documentation specified in the Town's Procurement Manual. • The RFQ must be sought from either: <ul style="list-style-type: none"> ○ Open market; ○ WALGA Preferred Supplier Arrangement; ○ WA Disability Enterprise or an Aboriginal owned business. • The RFQ processes must be conducted by the Town's Procurement Unit and is subject to formal evaluation, review and approvals.
Over \$250,000	<p>Request for Tender (RFT)</p> <ul style="list-style-type: none"> • Conduct a public RFT process in accordance with Part 4 of the Local Government (Functions and General) Regulations 1996, this Policy and the Town's Procurement Manual by seeking a

Purchase Value Threshold (<i>ex GST</i>)	Sourcing Requirement
	<p>sufficient number of quotes from suitable suppliers to ensure a competitive field.</p> <ul style="list-style-type: none"> • The RFT must be sought from either: <ul style="list-style-type: none"> ○ Open market; ○ WALGA Preferred Supplier Arrangement; ○ WA Disability Enterprise or an Aboriginal owned business. <p>The RFT processes must be conducted by the Town's Procurement Unit and is subject to formal evaluation, review and approvals.</p>

4.5 Inviting Tenders Though not Required to do so

The Town may decide to invite a Public Tender, despite the estimated purchase value being less than the prescribed tender threshold, where it considers a public tender process will provide better value for money, in accordance with clause 4.2 of this Policy. In such cases, the tender process must comply with the legislative requirements and the Town's Procurement Manual.

4.6 Unique Nature of Supply (Sole Supplier)

An arrangement with a supplier based on the unique nature of the goods or services required or for any other reason, where it is unlikely that there is more than one potential supplier, may be approved where the:

- (a) Purchasing value is estimated to be over \$5,000 and less than \$250,000;
- (b) Purchasing requirement has been documented in a detailed specification;
- (c) Specification has been extensively market tested and only one potential supplier has been identified as being capable of meeting the specified purchase requirement; and
- (d) Market testing process and outcomes of supplier assessments are documented, including the rationale for the supply being considered unique and why the goods or services cannot be sourced through more than one potential supplier.

The CEO may approve a sole supplier arrangement for purchases of up to \$250,000 and a Director may approve a sole supplier arrangement for purchases up to \$100,000. A sole supplier arrangement may be approved for a maximum period of one (1) year. For any continuing purchasing requirement, the approval must be re-assessed before expiry to evidence that only one potential supplier still genuinely exists.

4.7 Expressions of Interest

Expressions of Interest (EOI) will be considered as a prerequisite to a tender process where one or more of the following criteria apply:

- (a) An inability to sufficiently scope or specify the requirement;
- (b) Significant variability for how the requirement may be met;
- (c) Potential for suppliers to offer unique solutions and / or multiple options for how the purchasing requirement may be obtained, specified, created or delivered;
- (d) Significant creative element; or
- (e) A procurement methodology that allows for the assessment of a significant number of potential tenderers leading to a shortlisting process based on non-price assessment.

The EOI process is to be conducted in line with an RFT process and similar rules apply. An RFT should follow an EOI process, with those shortlisted under the EOI invited to participate.

4.8 Emergency Purchases

An emergency purchase is exempt from the purchasing thresholds and practices specified in this Policy.

An emergency purchase is defined as an unanticipated and unbudgeted purchase, which is required to respond to an emergency. An emergency purchase does not include a purchase that was not planned for due to time constraints.

The Town must make every effort to anticipate required purchases in advance and to allow sufficient time to apply the other clauses of this Policy.

Purchases or contracts entered in to under an emergency must be limited in scope to that which is necessary only to deal with the emergency. Once the immediacy of the emergency has passed, an appropriate procurement process must be undertaken for replacement or reinstatement works.

The CEO shall approve an emergency purchase.

4.9 Anti-Avoidance

The Town will not conduct multiple purchasing activities with the intent (inadvertent or otherwise) of "splitting" the purchase value or the contract value, so that the effect is to avoid a particular purchasing threshold or the need to call a public tender. This includes the creation of two or more contracts or creating multiple purchase order transactions of a similar nature.

4.10 Procurement Governance

The Procurement Unit will manage all RFQ and RFT processes and will exercise governance and oversight over the Town's other procurement activities, including

threshold compliance, sole supplier application, procurement probity, audit and reporting requirements.

4.11 Purchasing Procedures

The procurement of goods and services must comply with the purchasing procedures specified in the Procurement Manual.

5. SUSTAINABLE PROCUREMENT

The Town is committed to sustainable procurement practices that favour suppliers that demonstrate environmentally sustainable business practices and social outcomes, and businesses that provide local economic benefits.

The Town will give effect to this commitment by, wherever appropriate, designing quotations and tenders that incorporate a qualitative criterion for sustainable procurement with a percentage allocation, to provide an advantage to suppliers of goods and services that demonstrate commitment to these desired environmental, social and local economic outcomes.

Where a qualitative criterion for sustainable procurement has been included as part of an RFQ or RFT process, a price tolerance will be applied during price evaluation to suppliers of goods and services that demonstrate the highest evaluation for that criterion. The price tolerance will be up to ten (10) per cent for an RFQ and up to five (5) per cent for an RFT.

5.1 Environmentally Sustainable Procurement

The Town recognises the need to protect the environment. Priority Area Two in the Town's 2020-2030 Strategic Community Plan (SCP) is Leading Environmental Sustainability.

When procuring goods and services, the Town will support businesses that demonstrate environmentally sustainable practices in its overall assessment of value for money.

The Town's procurement of goods and services will be in compliance with the objectives and spirit of Council's Single Use Plastics and Balloons Policy.

5.2 Social Outcomes

The Town recognises the importance of social and community outcomes. Priority Area One in the Town's SCP is Strengthening and Connecting Our Community. This includes creating a resilient and adaptable community and treating people equitably with access to programs and services, regardless of advantage or ability.

When procuring goods and services, the Town will support businesses that provide positive social and community outcomes in its overall assessment of value for money.

5.2.1 Aboriginal Businesses

The Town is not required to publicly invite tenders if the goods or services are supplied by a Noongar business registered with the Noongar Chamber of Commerce and Industry, where consideration under the contract is \$250,000 or less.

The Town is not required to publicly invite tenders (pursuant to Part 4 of the *Local Government (Functions and General) Regulations 1996*), if the goods or services are supplied by an entity on the WA Aboriginal Business Directory, published by the WA Chamber of Commerce and Industry, or an entity approved by the Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation), where consideration under the contract is \$250,000 or less.

Where possible, Aboriginal businesses are to be invited to quote for the supply of goods and services under the tender threshold.

5.2.2 Australian Disability Enterprises

The Town is not required to publicly invite tenders (pursuant to Part 4 of the *Local Government (Functions and General) Regulations 1996*) if the goods or services are to be supplied by an Australian Disability Enterprise.

Where possible, Australian Disability Enterprises are to be invited to quote for supplying goods and services under the tender threshold.

5.3 Local Economic Benefit

The Town recognises the economic benefits local business and local employment brings to the community and is committed, through its SCP, to supporting the local economy. The Town seeks to encourage development of competitive local businesses within its boundaries. Where appropriate, the Town will seek participation of local business in its supply chain in line with the strategic objectives of the SCP.

When procuring goods and services, the Town will support businesses that provide local economic benefits, through being a local business, the use of local sub-contractors or local employees, for example.

6. RECORD KEEPING

Records of all purchasing activity, communications and transactions must be maintained as local government records, in accordance with the *State Records Act 2000 (WA)* and the Town's Records Keeping Policy,

The Town also must consider and will include in each contract for the provision of goods or services the contractor's obligations for creating, maintaining and where necessary the transferral of records to the Town relevant to the performance of the contract.

7. PURCHASING POLICY NON-COMPLIANCE

The Purchasing Policy is mandated under Regulation 11A of the *Local Government (Functions and General) Regulations 1996* and therefore forms part of the legislative framework in which the Local Government is required to conduct business.

Purchasing activities are subject to financial and performance audits, which examine compliance with legislative requirements and the Town's policies and procedures. Non-compliance with legislation or this Policy must be reported to the Chief Executive Officer.

Document Control box			
Document Responsibilities:			
Owner:	Chief Executive Officer	Owner Business Unit:	Office of the Chief Executive Officer
Inception Date:	December 2020 (OCM-11/12/20)	Decision Maker:	Council
Review Date:	30/06/2023	Repeal and Replace:	
Compliance Requirements:			
Legislation:	<i>Local Government Act 1995</i> <i>Local Government (Functions and General) Regulations 1996</i>		