PURCHASING POLICY

Policy Owner: Corporate Strategy and Performance
Contact Person: Manager Contracts & Procurement
Date of Approval: 24 September 2019 – CS08-09/19

1. POLICY STATEMENT

The City of Wanneroo (the City) is committed to delivering best practice in the procurement of goods, services and works that align with the principles of transparency, probity, good governance and comply with the Local Government Act 1995 and Part 4 of the Local Government (Functions and General) Regulations 1996 (as amended).

2. POLICY OBJECTIVE

The objective of this Policy is to ensure compliance with the Act and the Regulations and ensure best practice management procedures and corporate guidelines are followed in relation to all procurement undertaken on behalf of the City.

3. SCOPE

The Policy applies to all City Officers undertaking procurement on behalf of the City.

Procurement processes to be complied with are defined within the Policy and prescribed corporate guidelines and associated documentation.

4. POLICY DETAILS

4.1 Ethics and Integrity
All City Officers are bound by the City’s policies, Code of Conduct and Statement of Business Ethics when undertaking procurement activities and shall:

- ensure that documentation relating to confidentiality and conflict of interest declarations are completed where relevant;
- observe the highest standards of ethics and integrity; and
- act in an honest and professional manner at all times.
4.2 Procurement Principles

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 for all procurement decisions and the efficient, effective and proper expenditure of public monies to achieve the most optimal outcome for the City and value for money;
- all procurement practices shall comply with the Act, Regulations, and requirements consistent with the City's policies, Code of Conduct and Statement of Business Ethics;
- procurement shall be undertaken on a competitive basis to ensure that 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;
- subject to legislative requirements and only to the extent required, any information provided to the City by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or pursuant to relevant legislation; and
- any canvassing of the City's Councillors or staff shall disqualify businesses seeking to do business with the City in relation to the applicable procurement.

4.3 Managing Safety and Risk

The City will effectively manage risk in procuring goods and services from external contractors and suppliers to achieve the best procurement outcome whilst meeting the City's safety standards to achieve the City's Strategic Community Plan and Corporate Business Plan objectives. Risk management shall be applied in accordance with the City's Enterprise and Safety Risk Management Frameworks.

The City will ensure prudent risk management principles are also applied to the financial and performance assessment of suppliers and contractors to the City including the risk of default and the competency of suppliers and contractors in terms of their operational, technical capabilities and compliance to specification requirements in the supply and delivery of required goods and services.
4.4 Value for Money

Value for Money (VFM) is an overarching principle governing procurement that provides for the best possible procurement outcome to be achieved for the City. The City considers that VFM is “the utility derived from every purchase or every sum of money spent” and is based not only on the purchase price but also on qualitative measures including the efficiency and effectiveness of the purchase.

4.5 Sustainable Procurement (Corporate Social Responsibility)

Sustainable procurement is the procurement of goods and services that have less environmental and social impacts than competing products and services.

The City is committed to implementing sustainable procurement by providing a preference to suppliers that demonstrated sustainable business practices including social advancement, environmental protection and local economic benefits.

The City supports the procurement of products and services that create a universally accessible community for people with disability, diverse backgrounds and cultures.

The City shall endeavour to design Request for Quotations and Request for Tenders to provide an advantage to those suppliers and contractors who demonstrate they minimise environmental and negative social impacts and embrace CSR principles. Sustainable and CSR considerations must be balanced against VFM outcomes and in accordance with the City’s broader environmental strategy and objectives.

The following statements support the City’s commitment to CSR principles:

4.5.1 Local Economic Benefit

Under the State Government’s Buy Local Policy, Government Agencies and Local Governments, including the City, are encouraged to maximise participation of local and small businesses in the supply of goods, services and works procured or contracted by government agencies in accordance with the City’s local economy objectives and the City’s Strategic Community Plan.

The City encourages the development of competitive local businesses within its boundary first and secondly within the broader region. It is recognised however that not every category of goods, services or works that is purchased by the City will lend itself to supply by local businesses.

To this extent, a qualitative weighting will be included in the evaluation criteria for formal quotations and public tenders where suppliers are located within the boundaries of the
City or where suppliers are able to demonstrate a benefit or contribution to the local economy. This evaluation criterion will relate to local economic benefits that result from such processes.

4.5.2 Procurement from Australian Disability Enterprises

Pursuant to Part 4 of the Regulations, the City is not required to publicly invite tenders if the goods or services are to be supplied by an Australian Disability Enterprise (‘ADE’), as registered on www.ade.org.au. This is contingent on the demonstration of value for money.

Wherever possible and contingent of demonstrating capability and value for money consideration, ADEs are to be invited to directly supply goods and services to the City without the requirement to participate in a competitive procurement process. ADE’s may also be invited to competitively quote and / or publicly tender for goods and services and a qualitative weighting may therefore be afforded in the evaluation of quotes and tenders to provide an incentive to ADEs.

4.5.3 Procurement from Aboriginal Businesses

Pursuant to Part 4 of the Regulations, the City 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 as published by the Small Business Development Corporation and 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 public tender threshold. A qualitative weighting may be afforded in the evaluation of quotes and tenders to provide incentives to Aboriginal owned businesses or businesses that demonstrate a high level of aboriginal employment.

4.5.4 Environmentally Sustainable Businesses

The City will support the purchasing of recycled and environmentally sustainable products whenever a value for money assessment demonstrates benefits for the City towards achievement of its community strategic and operational objectives.

A qualitative weighting will be used in the evaluation of quotations and tenders to provide advantages to suppliers who:
• demonstrate policies and practices that have been implemented by the business as part of its operations;
• generate less waste material by reviewing how supplies, materials and equipment are manufactured, purchased, packaged, delivered, used, and disposed; and
• encourage waste prevention, recycling, market development and use of recycled/recyclable materials.

4.6 Procurement Thresholds

Unless otherwise stated in this Policy, all procurement that is up to $150,000 in total value (exclusive of GST) must utilise the applicable RFQ process, either direct to the market or through a panel of pre-qualified suppliers that include:

• WALGA Preferred Supplier Program;
• State or Commonwealth Government CUAs, where local government application and use is permitted; or
• the City's existing pre-qualified supplier Panel contract arrangements; and

Procurement which exceeds $150,000 in total value (exclusive of GST) must be put to public Tender unless a regulatory Tender exemption as set out by Regulation 11.2 of the Regulations is utilised by the City.

The following table sets out the relevant procurement process that must be complied with based on the actual or expected value of each procurement undertaken by the City:

<table>
<thead>
<tr>
<th>Procurement Thresholds (exclusive of GST)</th>
<th>Procurement Requirement</th>
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<tbody>
<tr>
<td>Up to $10,000</td>
<td>Procure directly from a supplier by obtaining at least one (1) written vendor quotation. Quotations are subject to relevant review and approval.</td>
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<tr>
<td>Amount</td>
<td>Procurement Process</td>
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<td>--------------</td>
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<tr>
<td>above $10,000 and up to $50,000</td>
<td>Seek a minimum of two (2) written quotations following a brief outlining the City's specific requirements and using the City's RFQ documentation; or Seek a minimum of two (2) written quotations directly from a pre-qualified panel of suppliers which include WALGA or CUA. Quotations received are subject to relevant evaluation, review and approvals using the City's proforma template.</td>
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<tr>
<td>Above $50,000 and up to $150,000</td>
<td>Seek a minimum of three (3) written quotations following a brief outlining the City's specific requirements and using the City's RFQ documentation; or Seek a minimum of three (3) written quotations directly from a pre-qualified panel of suppliers which include WALGA or CUA. Quotations must be sought in conjunction with the City's Contracts and Procurement service unit and quotations received are subject to relevant evaluation, review and approvals using the City's proforma template.</td>
</tr>
<tr>
<td>Above $150,000</td>
<td>Conduct a public Tender process in accordance with this Policy and relevant management procedures; or Seek a minimum of three (3) quotations directly from a regulatory Tender exempt or pre-qualified panel of suppliers which include WALGA or CUA. The above processes must be conducted in conjunction with the City's Contracts &amp; Procurement service unit and are subject to formal evaluation, review and approvals.</td>
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Where it is considered appropriate and beneficial, the City may consider calling public tenders in lieu of undertaking an RFQ process for procurement up to the $150,000 threshold (excluding GST). Any such determination should be made after considering the benefits of undertaking a Public Tender in comparison to the costs, risks, timeliness, regulatory compliance requirements and also whether the purchasing requirement may be satisfied through a pre-qualified panel of suppliers such as WALGA, CUA or the City's preferred supplier panel arrangements (where applicable).
4.7 Competitive Procurement Exemptions

4.7.1 Public Tendering Exemptions

An exemption from publicly inviting tenders may apply in the following instances:

- the purchase is obtained from a pre-qualified supplier under the WALGA Preferred Supplier 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 the City is satisfied that the contract 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 11.2 of the Regulations apply.

4.7.2 Other Procurement Exemptions

The following are further exemptions where the City is not required to undertake a competitive procurement process and only where the total value of the procurement does not exceed $150,000 (exclusive of GST):

- Advance payments (accommodation, travel, seminars, training, conferences);
- Annual service / software maintenance / support or licensing fees;
- Engagement of artists or performers, art works and/or sculptures;
- Legal services (subject to legal preferred supplier panel arrangements);
- Memberships, subscriptions and/or renewals;
- Provision of advertising services;
- Provision of utility services (where the relevant utility is the only provider of such services);
- Procurement from an original equipment manufacturer and where warranty provisions may be void; and
- Procurement as required and determined by the CEO providing that both the CEO and one other Director provide their approval in writing prior to the procurement and that the details are recorded in an annual register.

4.7.3 Sole Source of Supply

The procurement of goods, services or works available from only one private sector source of supply (manufacturer, supplier or agency) is only permitted without undertaking a competitive process (public Tender or RFQ processes) in circumstances where the City
is satisfied that there is genuinely only one source of supply for those goods, services or works. The City must use its best endeavours to determine if the supplier is genuinely a sole source supplier by exploring if there are any alternative sources of supply and once determined, written confirmation must be kept on file for audit purposes.

The CEO must approve any determination of sole source of supply.

4.8 Panels of Pre-Qualified Suppliers

In accordance with Regulation 24AC of the Regulations, a Panel of Pre-qualified Suppliers may be created where the City determines that there is or will be a continuing need for the particular goods or services to be supplied by pre-qualified suppliers.

Should the City determine that a Panel is beneficial to be created, it must do so in accordance with Part 4, Division 3 of the Regulations and in accordance with relevant corporate guideline and associated documentation.

4.9 Records Management

Records of all Public Tenders, RFQs and any relevant exemptions must be retained in compliance with the State Records Act 2000 and the City’s internal Records Keeping Policy.

5. IMPLICATIONS (Strategic, Financial, Human Resources)

The Policy aligns with the City’s Strategic Community Plan and Corporate Business Plan.

6. IMPLEMENTATION

The City shall implement processes to facilitate the ongoing monitoring and assess compliance with this Policy and associated Procurement Corporate Guidelines and will report departures, non-compliance and/or exceptions to the relevant authority within the City and to external authorities where applicable.

7. ROLES AND RESPONSIBILITIES

7.1. Council

Council will review and endorse the overarching principles that support this Policy including establishing the Procurement Thresholds and adoption of this Policy.
7.2. Audit and Risk Committee

In accordance with the Terms of Reference for the Audit and Risk Committee, the Audit and Risk Committee will receive reports (from auditor/s and/or the CEO) in relation to emerging issues with procurement activities and make recommendations to Council in respect of risk. In respect of existing internal controls governing procurement processes, the Audit and Risk Committee will also:

- consider whether existing internal controls are sufficiently robust;
- consider whether further internal controls are required; and/or
- recommend action required by the City to ensure such internal controls are sufficiently robust.

7.3. Directors

The Director Corporate Strategy and Performance will review and endorse policies, management procedures and corporate guidelines relating to procurement activities as developed and recommended by the Manager, Contracts & Procurement.

Each Director shall direct and provide instruction to their respective Directorates that all procurement activities must be undertaken in accordance with this Policy.

7.4. City Officers, Suppliers, Contractors and Consultants

All City Officers involved in procurement activities on behalf of the City will incorporate and comply with all requirements of the Act, Regulations, this Policy, the City’s Statement of Business Ethics and associated corporate policies, guidelines and management procedures whilst upholding principles of good governance and ethical conduct.

8. DISPUTE RESOLUTION

All disputes in regard to this Policy will be referred to the Director Corporate Strategy and Performance in the first instance. In the event that an agreement cannot be reached, the matter will be submitted to the CEO for a ruling.

9. EVALUATION AND REVIEW PROVISIONS

The Policy will be evaluated and reviewed every three (3) years to determine its effectiveness in achieving its objectives. The City shall also ensure that a compliance audit of this Policy and associated management procedures is undertaken at least every three (3) years and report audit findings to the City’s Audit and Risk Committee.
10. DEFINITIONS

DEFINITIONS: Any definitions listed in the following table apply to this document only.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>‘CS’</td>
<td>means Corporate Social Responsibility</td>
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<td>‘CUA’</td>
<td>means the Department of Finance Common Use Agreements</td>
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<td>‘Panel’</td>
<td>means the City’s Prequalified Supplier Panel Arrangements</td>
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<tr>
<td>‘Regulations’</td>
<td>means the Local Government (Functions and General) Regulations 1996 (as amended)</td>
</tr>
<tr>
<td>‘RFQ’</td>
<td>means Request for Quotation</td>
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<td>‘VFM’</td>
<td>means Value for Money</td>
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<tr>
<td>‘WALGA’</td>
<td>means the Western Australian Local Government Association</td>
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11. RELEVANT MANAGEMENT POLICY/ MANAGEMENT PROCEDURES/DOCUMENTS OR DELEGATIONS

- Procurement Corporate Guidelines
- Contract Management Corporate Guidelines
- Delegated Authority Register (Consolidated)

12. REFERENCES

- Local Government Act 1995
- Part 4 of the Local Government (Functions and General) Regulations 1996 (as amended)

13. RESPONSIBILITY FOR IMPLEMENTATION

Director Corporate Strategy & Performance

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