

## Purchasing Policy

<b>Responsible Directorate:</b>	Corporate Strategy & Performance
<b>Responsible Service Unit:</b>	Contracts & Procurement
<b>Contact Person:</b>	Manager Contracts & Procurement
<b>Date of Approval:</b>	12 June 2023
<b>Council Resolution No:</b>	CS05-06/23

### 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. OBJECTIVE AND PURPOSE

#### Objective

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

#### Purpose

The purpose of this policy is to provide guidance to all Officers conducting procurement on behalf of the City and that procurement processes defined within the Policy and corporate guidelines are understood and complied with.

### 3. KEY DEFINITIONS

<i>DEFINITIONS: Any definitions listed in the following table apply to this document only.</i>	
'A&RC'	means Audit and Risk Committee
'Act'	means the Local Government Act 1995
'CUA'	means the Department of Finance Common Use Agreements
'Officer'	means any employee of the City of Wanneroo or an external party engaged to perform services for the City

	and which involves undertaking procurement activities on behalf of the City, e.g. consultant or temporary personnel
'Panel'	means the City's Prequalified Supplier Panel Arrangements
'Regulations'	means the Local Government (Functions and General) Regulations 1996 (as amended)
'RFQ'	means a request to provide a quote for specific goods or services and refers to the document prepared by the City seeking formal submissions from invited parties
'RFT'	means a request for tender and refers to the document prepared by the City seeking formal submissions from interested parties for the provision of goods or services as required by the Regulations.
'State of Emergency'	has the meaning given in s3 of the Emergency Management Act 2005
'VFM'	means Value for Money
'WALGA'	means the Western Australian Local Government Association

#### 4. SCOPE

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

#### 5. POLICY DETAILS

##### 5.1 Ethics and Integrity

All 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.
- act in an honest and professional manner always.

##### 5.2 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, corporate guidelines, 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.
- 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.

### **5.3 Managing Safety and Risk**

The City will effectively manage safety and risk in procuring goods and services from external contractors and suppliers to achieve the best procurement outcome whilst meeting the City's risk tolerance and 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.

### **5.4 Value for Money**

Value for Money is an overarching principle governing procurement that provides for the best possible procurement outcome for the City to be achieved. 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 and determining an acceptable level of risk to the City.

### **5.5 Social and Sustainable Procurement**

Social and sustainable procurement is the procurement of goods, services and works that have less environmental and social impacts than competing products and services and where social value is created above the value of the goods services or construction being procured.

The City is committed to implementing social and sustainable procurement by providing a preference to suppliers that demonstrated sustainable business practices including

social advancement, commitment to the Commonwealth's Modern Slavery Act (where applicable), 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 opportunity advantage to those suppliers and contractors who demonstrate they minimise environmental and negative social impacts and embrace such principles.

Such 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 social and sustainable procurement principles:

### **5.5.1 Local Economic Benefit**

The City is committed to the ongoing support of local business in accordance with the City's local economy objectives and the Strategic Community Plan and as much as practicable, the City will consider buying practices, procedures and specifications that do not unfairly disadvantage local businesses.

Requests for Quotations and Tenders will be structured to encourage local businesses to bid and consider the indirect benefits that have flow on benefits for local suppliers.

To this extent, a qualitative weighting of 10% to a maximum of 20% is included in the evaluation criteria for formal quotations and public tenders and applied where suppliers are located within the boundaries of the City or where suppliers can demonstrate a benefit or contribution to the local economy. This evaluation criterion will relate to local economic benefits that result from such processes.

The City shall ensure such local or broader region economic commitments identified by suppliers through procurement processes are delivered through effective contract management.

### **5.5.2 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](http://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.

### **5.5.3 Procurement from Aboriginal and Torres Strait Islander 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 WA published by the Chamber of Commerce and Industry of Western Australia Limited or Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation) and where the expected consideration under contract is worth

\$250,000 or less. This is contingent on the demonstration of value for money.

Wherever possible, Aboriginal and Torres Strait Islander 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 and Torres Strait Islander businesses owned businesses or businesses that demonstrate a high level of Aboriginal and Torres Strait Islander businesses employment.

### **5.5.4 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 sustainable policies and practices that have been implemented by the business as part of its operations.
- Reduce impact on the environment by reducing emissions, minimising water use and generate less waste material by reviewing how supplies, materials and equipment are manufactured, purchased, packaged, delivered, used, and disposed.
- Encourage waste prevention, recycling, market development and use of recycled/recyclable materials.

### **5.6 Procurement Thresholds**

Unless otherwise stated in this Policy, all procurement that is up to \$250,000 in total value (exclusive 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 \$250,000 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:

Procurement Thresholds (exclusive of GST)	Procurement Requirement
Up to \$10,000	Procure directly from a supplier by obtaining at least one (1) written vendor quotation. Quotations are subject to relevant review and approval.
above \$10,000 and up to \$50,000	<p>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</p> <p>Seek a minimum of two (2) written quotations directly from a pre-qualified panel of suppliers which include WALGA or CUA.</p> <p>Quotations received are subject to relevant evaluation, review and approvals using the City's proforma template.</p>
Above \$50,000 and up to \$250,000	<p>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</p> <p>Seek a minimum of three (3) written quotations directly from a pre-qualified panel of suppliers which include WALGA or CUA.</p> <p>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.</p>
Above \$250,000	<p>Conduct a public Tender process in accordance with this Policy and relevant management procedures; or</p> <p>Seek a minimum of three (3) quotations directly from a regulatory Tender exempt or pre-qualified panel of suppliers which include WALGA or CUA.</p> <p>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.</p>

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 \$250,000 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 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).

## **5.7 Competitive Procurement Exemptions**

### **5.7.1 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 supply of the goods or services is associated with a state of emergency.
- 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.

### **5.7.2 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 \$250,000 (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 temporary personnel under established panel arrangements.
- Provision of utility services (where the relevant utility or nominated contractor is the only provider of such services).
- Procurement from an original equipment manufacturer and where warranty provisions may be void.
- 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.

### **5.7.3 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. Written confirmation to evidence sole source of supply status must be kept on file for audit purposes.

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

## **5.8 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 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.

### **5.9 Contract Management**

The City is committed to ensuring that contracts are implemented and effectively managed to realise the outcomes, deliverables and expected benefits as specified within the contract and to mitigate risk to the City and the broader community.

The objectives of effective contract management are to ensure that:

- A consistent and standardised approach under a defined framework is adopted in managing the City's contracts and contractors;
- Contracts are effectively managed, and reporting requirements are satisfied to ensure objectives and performance requirements as stated in the contracts are met;
- Contracts are managed in compliance with relevant legislations;
- Contractor safety is managed in compliance with Work Health and Safety Guidelines for Contractors;
- Contracts and associated support documents are recorded in compliance with the State Records Act 2000 and the City's Recordkeeping Plan;
- Probity risk associated with contract management is mitigated by establishing and enforcing contract and supplier management processes that are consistent, fair, open and ethical; and
- Sustainable benefits, such as environmental, social and local economic impacts as set out in the contracts are realised.

### **5.10 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.

### **5.11 Payment Terms**

The City's standard payment terms are 30 days from receipt of invoice.

## **6. IMPLICATIONS**

The Policy aligns with the following Goal and Priority within the Strategic Community Plan 2021-2031:

*Goal 7 – A well-governed and managed City that makes informed decisions, provides strong community leadership and valued customer focused services*

*Priority 7.2 Responsibly and ethically managed*

## **7. IMPLEMENTATION**

The City shall implement processes to facilitate the ongoing monitoring and assess compliance with this Policy and associated Procurement and Contract Management



Corporate Guidelines and will report departures, non-compliance and/or exceptions to the relevant authority within the City and to external authorities where applicable.

A formal Communication and Implementation Plan will inform the Policy to relevant stakeholders.

### **8. AUTHORITIES AND ACCOUNTABILITIES**

Authorities are defined within relevant delegations relating to Tenders and Contracts as defined within the City's Delegated Authority Register (Consolidated).

### **9. ROLES AND RESPONSIBILITIES**

#### **9.1. Council**

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

#### **9.2. 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.

#### **9.3. Directors**

The Director Corporate Strategy and Performance will review and endorse 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 and associated corporate guideline.

#### **9.4. Officers**

All 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 guidelines and templates whilst upholding principles of good governance and ethical conduct.

#### **9.5. Suppliers, Contractors and Consultants**

Suppliers, contractors and consultants shall comply with the City's Statement of Business Ethics.

## 10. DISPUTE RESOLUTION

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

## 11. EVALUATION AND REVIEW

The Manager Contracts and Procurement shall ensure compliance with the Policy and corporate guidelines.

The Policy will be 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 corporate guidelines is undertaken at least every three (3) years and report audit findings to the City's Audit and Risk Committee.

## 12. RELATED DOCUMENTS

- Delegated Authority Register (Consolidated)
- Reconciliation and Action Plan 2023-2025
- Work Health and Safety Policy and Guidelines for Contractors

## 13. REFERENCES

- Local Government Act 1995 s3.57
- Part 4 of the Local Government (Functions and General) Regulations 1996 (as amended)

## 14. RESPONSIBILITY FOR IMPLEMENTATION

Director Corporate Strategy & Performance

### REVISION HISTORY

Version	Next Review	Record No.
V6 May 2023	May 2026	14/207443V6