

Policy Number	PP2015 (v1)
Policy Name	Purchasing Policy
Last Review	16 August 2007
Adopted by Council	
Revision Date	December 2015

Policy

The intent of this policy is to provide clear direction to staff when undertaking the purchasing of goods and services on behalf of the Bunbury-Harvey Regional Council "BHRC". The aim of the policy is to assist in ensuring that purchasing is undertaken in an efficient, effective, economical and sustainable manner that provides transparency and accountability in regard to the procurement process.

This policy provides for the following principles:

- Provides the BHRC with a more effective way of purchasing goods and services.
- Ensures that purchasing transactions are carried out in a fair and equitable manner.
- Strengthens the integrity of and confidence in the purchasing system.
- Ensures that the BHRC receives value for money in its purchasing.
- Ensures that the BHRC considers the environmental impact of the procurement process across the life cycle of goods and services.
- Ensures the BHRC is compliant with statutory requirements.
- Promotes effective governance and definition of roles and responsibilities.

Policy Detail

Objectives

This purchasing policy is designed to meet the following objectives:

- Provide compliance with the Local Government Act 1995 and Part IV of the Local Government (Functions and General) Regulations 1996 in particular.
- General compliance with the guidelines contained within the Local Government Purchasing and Tender Guide published by the Western Australia Local Government Association (WALGA).
- To deliver a good practice approach in relation to BHRC procurement and that all purchases of goods and services must have the required Council budget appropriation. All purchases which do not have or exceed Council budget appropriation require Council approval.
- Consideration of relevant whole-of-life costs associated with the procurement.

Ethic and Integrity

All BHRC employees shall observe the highest standards of ethics and integrity in undertaking procurement activities and act in an honest and professional manner that supports the standing of the BHRC in compliance with the Council's Code of Conduct.

Purchasing Thresholds

The following policy requirements are to be complied with where the total consideration of the procurement (including GST) is considered likely to be within the ranges specified as follows;

Total Purchase Amount	Policy Requirements
>\$0 to =\$1,000 (incl. GST)	Where the estimated value of goods or services to be purchased is between \$0 and \$1,000 at least one (1) verbal quotation is required, ensuring quotations represent value for money.
>\$1,001 to \$99,999 (incl. GST)	Where the estimated value of goods or services to be purchased for the expected life of the contract exceeds \$1,001 and is less than \$99,999 at least three (3) written quotations must be obtained.
>\$100,000 (incl. GST)	Where the estimated value of goods or services to be purchased for the expected life of the contract exceeds \$100,000 quotations must be sought through a formal advertising process via Tenderlink or WALGA e-quotes portal, the calling of such quotations must be accompanied by a written request which includes the terms and conditions of engagement, specifications.

Where it is considered beneficial, tenders may be called in lieu of seeking quotations for purchases under the \$100,000 threshold (incl. GST). If a decision is made to seek public tenders for Contracts of less than \$100,000, a Request for Tender process that entails all the procedures for tendering outlined in this policy must be followed in full.

Quotations are not required where a supplier makes known the cost of goods and/or services through public advertising methods such as:

- Ticketed price
- Media advertisements including (but not limited to) print, television, internet and radio.
- Catalogue
- Price list

Where possible the procuring Officer should record the advertised price by filing a copy of the advert, sales ticket or a file note.

The CEO may, in justifiable circumstances, waive the need to seek the required number of quotations prior to undertaking a purchase.

For purchases greater than \$11,000 (incl. GST), all parties providing quotations are to be notified in writing (including by email) if they are unsuccessful (note successful parties will be notified formally by issue of a purchase order). This requirement does not apply to instances where the quoted price was obtained from a supplier's advertisement.

Procurement Details

Procurement \$0 to \$1,000 (incl. GST)

Where the value of procurement of goods or services does not exceed \$1,000 (incl. GST), direct purchase from the supplier may be made. Professional discretion is to be used and occasionally undertake market testing with a greater number or more formal forms of quotation to ensure best value is maintained.

This purchasing method is suitable where the purchase is relatively small and low risk.

Record keeping requirements must be maintained in accordance with record keeping policies.

Procurement \$1,001 to \$99,999 (incl. GST)

This category is for the procurement of goods or services where the value of such procurement ranges between \$1,001 (incl. GST) and up to and including \$99,999 (incl. GST).

In this instance the procuring Officer shall seek at least three (3) written quotations.

Where this is not practical, e.g. due to limited suppliers, it must be noted via the recording of a file note.

Record keeping requirements must be maintained in accordance with record keeping policies.

Procurement \$100,000 (incl. GST)

For the procurement of goods or services where the value exceeds \$100,000 but is less than or equal to \$100,000, it is required to obtain at least three written quotations containing price and a sufficient amount of information relating to the specification of goods and/or services being purchased.

For this procurement range, the selection will not be based on price alone as qualitative factors such as quality, availability, accreditation, time for completion or delivery, warranty conditions, technology, maintenance requirements, organisation's capability, previous

relevant experience and any other relevant factors will be considered as part of the assessment of the quotation.

Record keeping requirements must be maintained in accordance with record keeping policies.

Statutory Compliance

Tender Exemption

In the following instances public tenders or quotation procedures are not required (regardless of the value of expenditure):

- An emergency situation as defined by the Local Government Act 1995;
- The purchase is under a contract of WALGA (Preferred Supplier Arrangements), Department of Treasury and Finance (permitted Common Use Arrangements), Regional Council, or another Local Government;
- The purchase is under auction which has been authorised by Council;
- The contract is for petrol, oil, or other liquid or gas used for internal combustion engines;
- Any of the other exclusions under Regulation 11 of the Local Government (Functions and General) Regulations 1996 apply.

Sole Source of Supply (Monopoly Suppliers)

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 must be made. Written confirmation of this must be kept on file for later audit.

Note: The application of provision "sole source of supply" should only occur in limited cases and procurement experience indicates that generally more than one supplier is able to provide the requirements.

Anti-Avoidance

The BHRC shall not enter into two or more contracts of a similar nature for the purpose of splitting the value of the contracts to take the value of consideration below the level of \$100,000, thereby avoiding the need to publicly tender.

Tender Criteria

The BHRC shall, before tenders are publicly invited, determine in writing the criteria for deciding which tender should be accepted.

A Tender evaluation panel shall be established prior to the advertising of a tender and include a mix of skills and experience relevant to the nature of the purchase.

For Requests with a total estimated price in excess of \$100,000 (incl. GST); the panel must contain a minimum of two (2) BHRC Officers.

Advertising Tenders

Tenders are to be advertised in a State-wide publication e.g. "The West Australian and South Western Times" newspaper (preferably on a Wednesday or Thursday), Local Government Tenders section (Tenderlink and WALGA e-quotes portal).

The tender must remain open for at least fourteen (14) days after the date the tender is advertised. Care must be taken to ensure that fourteen (14) full days are provided as a minimum.

The notice must include:

- A brief description of the goods or services required;
- Information as to where and how tenders may be submitted;
- The date and time after which tenders cannot be submitted;
- Particulars identifying a person from who more detailed information as to tendering may be obtained;
- Detailed information shall include such information as the BHRC decides should be disclosed to those interested in submitting a tender;
- Detailed specifications of the goods or services required;
- The criteria for deciding which tender should be accepted;
- Whether or not the BHRC has decided to submit a tender; and
- Whether or not tenders can be submitted by facsimile or other electronic means, and if so, how tenders may so be submitted.

Issuing Tender Documentation

Tenders will not be made available (counter, mail, internet, referral, or other means) without a robust process to ensure the recording of details of all parties who acquire the documentation.

This is essential as if clarifications, addendums or further communication is required prior to the close of tenders, all potential tenderers must have equal access to this information in order for the BHRC not to compromise its Duty to be Fair.

Tender Deadline

A tender that is not received in full in the required format by the advertised Tender Deadline shall be rejected.

Opening of Tenders

No tenders are to be removed from the tender box, or opened (read or evaluated) prior to the Tender Deadline.

Tenders are to be opened in the presence of the Chief Executive Officer's delegated nominee and preferably at least one (1) other Council Officer. The details of all tenders received and opened shall be recorded in the Tenders Register.

Tenders are to be opened in accordance with the advertised time and place. There is no obligation to disclose or record tendered prices at the tender opening, and price information should be regarded as commercial-in-confidence to the Local Government. Members of the public are entitled to be present.

The Tenderer's Offer form, Price Schedule and other appropriate pages from each tender shall be date stamped and initialled by at least two (2) BHRC Officers present at the opening of tenders.

No Tenders Received

Where the BHRC has invited tenders, however no compliant submissions have been received, direct purchases can be arranged on the basis of the following:

- A sufficient number of quotations are obtained;
- The process follows the guidelines for seeking quotations exceeding \$100,000 (incl. GST) (listed above);
- The specification for goods and/or services remains unchanged;
- Purchasing is arranged within six (6) months of the closing date of the lapsed tender.

Tender Evaluation

Tenders that have not been rejected shall be assessed by the BHRC by means of a written evaluation against the pre-determined criteria. The tender evaluation panel shall assess each tender that has not been rejected to determine which tender is most advantageous.

Addendum to Tender

If, after the tender has been publicly advertised, any changes, variations or adjustments to the tender document and/or the conditions of tender are required, the BHRC may vary the initial information by taking reasonable steps to give each person who has sought copies of the tender documents notice of the variation.

Minor Variation

If, after the tender has been publicly advertised and a preferred tenderer has been chosen, but before the BHRC and tenderer have entered into a Contract, a minor variation may be made by the BHRC.

A minor variation will not alter the nature of the goods and/or services procured, nor will it materially alter the specification or structure provided for by the initial tender.

Notification of Outcome

Each tenderer shall be notified of the outcome of the tender following Council resolution. Notification shall include:

- The name of the successful tenderer
- The total value of consideration of the winning offer

The details and total value of consideration for the winning offer must also be entered into the Tenders Register at the conclusion of the tender process.

Records Management

All records associated with the tender process or a direct purchase process must be recorded and retained.

For a tender process this includes:

- Tender documentation;
- Internal documentation (**use Form A**);
- Evaluation documentation;
- Enquiry and response documentation;
- Notification and award documentation.

For a direct purchasing process this includes:

- Quotation documentation;
- Internal documentation;
- Order forms and requisitions.

Record retention shall be in accordance with the minimum requirements of the State Records Act, and applicable BHRC internal records management policy.

LEGISLATION AND OTHER REFERENCES:

- *Local Government Act 1995*
- *Local Government Act (Functions and General) Regulations 1996*

FORM A – Quote/Tender Register At Closing

<u>PROJECT TITLE</u>	
RFT / RFQ NO.	

Closing time and date: pm (AWST) ____ day of _____ 20 ____

Tender Box opened at: pm (AWST) ____ day of _____ 20 ____

RESPONSES RECEIVED FROM

	Name of Company	Address	Email Contact
1			
2			
3			

Responsible Officer's Name: _____ **Signature:** _____

Witness's Name: _____ **Signature:** _____

DATED: ____ day of _____ 20 ____