BUNBURY - HARVEY
Regional Council

UPDATE

PURCHASING POLICY

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1.0 PURCHASING

Bunbury-Harvey Regional Council (BHRC) is committed to delivering best practice in procurement and purchasing of goods, services and works that align with the principles of transparency, integrity and good governance

This policy complies with the Local Government (Functions and General) Regulations 1996 (The Regulations).

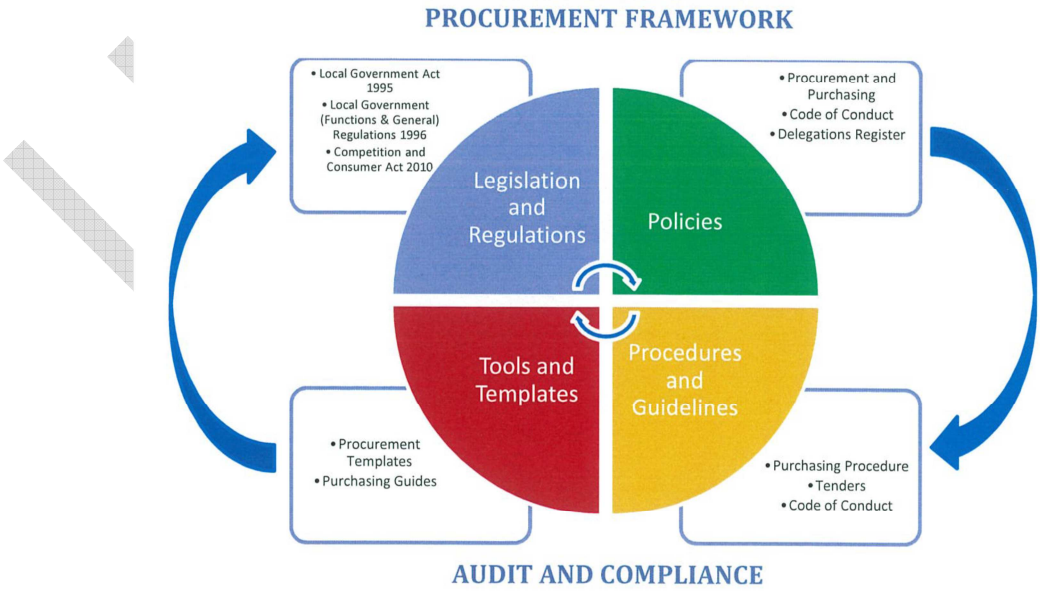
1.1 Objectives

The BHRC purchasing activities will achieve:

- The attainment of best value for money;
- Sustainable benefits, such as environmental, social and local economic factors, are considered in the overall value for money assessment;
- Consistent, efficient and accountable processes and decision-making;
- Fair and equitable competitive processes that engage potential suppliers impartially, honestly and consistently;
- Probity and integrity, including the avoidance of bias and of perceived and actual conflicts of interest;
- Compliance with the *Local Government Act 1995*, *Local Government (Functions and General) Regulations 1996*, as well as any relevant legislation, Codes of Practice, Standards and the BHRC' Policies and procedures;
- Records created and maintained to evidence purchasing activities in accordance with the *State Records Act* and the BHRC Record Keeping Plan;
- Confidentiality protocols that protect commercial-in-confidence information and only release information where appropriately approved.

1.2 Compliance

The Local Government Compliance Framework outlines the approach required to ensure that the integrity of the local government sector is of the highest order. The framework provides transparency and aims to build good governance by promoting and enforcing compliance and continuous improvement.



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1.3 Ethics & Integrity

The BHRC's Code of Conduct applies when undertaking purchasing activities and decision making. Elected Members and employees must observe the highest standards of ethics and integrity and act in an honest and professional manner at all times.

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:

- all purchases of goods and services must have the required budget appropriation prior to purchase;
- full accountability must be taken for all procurement decisions and the efficient, effective and proper expenditure of monies based on achieving value for money;
- purchasing is to be undertaken on a competitive basis where all potential suppliers are treated impartially, honestly and consistently;
- all procurement practices must comply with legal, operational and ethical requirements consistent with relevant Government legislation, regulations and Council policies and procedures;
- all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policy and audit requirements
- any actual or perceived conflicts of interest are to be identified, declared and the officer removed from the respective procurement process;
- Appropriate processes for the receipt and management of supplier information must be maintained in accordance with legal requirements.

1.4 Scope

The Chief Executive Officer will ensure compliance with legislative requirements is maintained, that procedures implemented are capable of withstanding scrutiny and provide appropriate transparency of practices toward the procurement of goods and services.

All factors (including costs and benefits) that are relevant to the procurement must be considered and the relative importance of each factor determined on a case-by-case basis.

All procurement decisions, including the contract award recommendation, should be justifiable in terms of achieving best value for money.

1.5 Authorisation of Requisitions and Orders

Authorisation to approve purchase requisitions and orders has been delegated to the Chief Executive Officer.

Where it is not practical to obtain multiple written and/or verbal quotations for amounts between $3,000 and less than $100,000 the CEO may approve the purchase of goods and services where deemed appropriate, justifying the reasons for the purchase.

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 purchased after the approval of an appropriate purchase requisition and the receipt of a relevant purchase order.

Where the purchasing requirement is over the value of $3,000 and of a unique nature that can only be supplied from one supplier, the purchase is permitted by the CEO without undertaking a tender or quotation process. Justification of this decision is required.

1.6 Assessing Value for Money

Value for money is determined when the consideration of price, risk and qualitative factors are assessed to determine the most advantageous outcome to be achieved for the BHRC.

As such, purchasing decisions must be made with greater consideration than obtaining lowest price, but also to incorporate qualitative and risk factors into the decision.

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Assessment of value for money will consider:

- All relevant Whole Of Life Costs and benefits including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, training, maintenance and disposal;
- The technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality. This includes but is not limited to an assessment of compliances, tenderers/ suppliers resources available, capacity and capability, value-adds offered, warranties, guarantees, repair and replacement policies, ease of inspection, ease of after sales service, ease of communications etc.;
- Financial viability and capacity to supply without the risk of default (competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);
- A strong element of competition by obtaining a sufficient number of competitive quotations wherever practicable and consistent with this Policy;
- The safety requirements and standards associated with both the product design and the specification offered by suppliers and the evaluation of risk arising from the supply, operation and maintenance;
- The environmental, economic and social benefits arising from the goods, services or works required, including consideration of these benefits in regard to the supplier's operations, in accordance with this Policy and any other relevant BHRC Policy; and
- Providing opportunities for businesses within the Wellington Regional Groups boundaries to quote wherever possible.

1.7 Purchasing Thresholds and Procedures

BHRC must comply with all requirements, including purchasing thresholds and processes, as prescribed within the Regulations, this Policy and associated purchasing procedures in effect at the BHRC.

1.7.1 Policy Purchasing Value Definition

Purchasing value for a specified category of goods, services or works is to be determined upon the following considerations:

- Exclusive of Goods and Services Tax (GST); and
- Where a contract is in place, the actual or expected value of expenditure over the full contract period, including all options to extend specific to a particular category of goods, services or works. OR
- Where there is no existing contract arrangement, the Purchasing Value will be the estimated total expenditure for a category of goods, services or works over a minimum three year period. This period may be extended to a maximum of one (1) year only where the supply category has a low risk of change i.e. to technology, specification, availability or the BHRC's requirements.

The calculated estimated Purchasing Value will be used to determine the applicable threshold and purchasing practice to be undertaken.

1.7.2 Purchasing from Existing Contracts

The BHRC will ensure that any goods, services or works required that are within the scope of an existing contract will be purchased under that contract.

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1.7.3 Table of Purchasing Thresholds and Practices

This table prescribes Purchasing Value Thresholds and the applicable purchasing practices which apply to the BHRC's purchasing activities:

Purchase Value	Purchasing Requirements
Up to $3,000	One (1) verbal quotation required if rates are considered reasonable and consistent with similar products and services.
$3,001 to $65,000	Obtain at least three (3) written quotations from suppliers by formal invitations under a Request for Quotation and containing detailed specification of goods and services required.
$65,001 to $100,000	Obtain at least three (3) written quotes from suppliers by formal invitation under a Request for Quotation and containing detailed specifications of goods and services required. The procurement decision is to be based on a pre-determined evaluation criteria that assess all value for money consideration in accordance with the definitions stated within this policy.
$100,001 and above	Request for Public Tender must be issued. The procurement decision is to be based on a pre-determined evaluation criteria that assess all value for money consideration in accordance with the definitions stated within this policy.

**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 endeavours must be used to obtain as many quotes as possible.*

1.7.4 Exemptions

An exemption from the requirement to publically invite tenders may apply when the purchase is:

- obtained from a pre-qualified supplier under the WALGA Preferred Supplier Arrangement or other suppliers that are accessible under another tender exempt arrangement;
- from a pre-qualified supplier under a Panel established by the BHRC;
- from a Regional Local Government or another Local Government;
- acquired from a person/organisation 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 (ex GST) and represents value for money;
- acquired from an Australian Disability Enterprise and represents value for money;
- the purchase is authorised under action by Council under delegated authority;
- within 6 months of no tender being accepted;
- where the contract is for petrol, oil, or other liquid or gas used for internal combustion engines;
- The purchase is covered by any of the other exclusions under Regulation 11 of the Regulations.

1.7.5 Inviting Tenders under the Tender Threshold

Where considered appropriate and beneficial, BHRC may consider publicly advertising Tenders in lieu of undertaking a Request for Quotation for purchases under the $100,000 threshold. This decision should be made after considering the benefits of this approach in comparison with the costs, risks, timelines and compliance requirements.

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A decision to invite Tenders, though not required to do so, may occur where an assessment has been undertaken and it is considered that there is benefit from conducting a publicly accountable and more rigorous process. In such cases, the BHRC's tendering procedures must be followed in full.

1.7.6 Expression of Interest

Expressions of Interest (EOI) are typically considered in situations where the project is of a significant value, or contains significant complexity of project delivery that may solicit responses from a considerable range of industry providers.

In these cases, the BHRC may consider conducting an EOI process, preliminary to any Request for Tender process, where the purchasing requirement is:

- Unable to be sufficiently scoped or specified;
- Open to multiple options for how the purchasing requirement may be obtained, specified, created or delivered; or
- To establish a procurement methodology that allows for an assessment of a significant number of tenderers leading to a shortlisting process based on non-price assessment.

All EOI processes are conducted as a public process and similar rules to a Request for Tender apply. However, the EOI should not seek price information from respondents, seeking qualitative and other non-price information only. All EOI processes should be subsequently followed by a Request for Tender through an invited process of those shortlisted under the EOI.

1.7.7 Emergency Purchases

An emergency purchase is defined as an unanticipated purchase which is required in response to an emergency situation as provided for in the Act. In such instances, quotes and tenders are not required to be obtained prior to the purchase being undertaken.

Time constraints are not a justification for an emergency purchase. Every effort must be made to anticipate purchases in advance and to allow sufficient time to obtain quotes and tenders, whichever may apply.

1.7.8 Sole Source of Supply

A sole source of supply arrangement may only be approved where the:

- purchasing requirement has been documented in a detailed specification; and
- specification has been extensively market tested and only one potential supplier has been identified as being capable of meeting the specified purchase requirement; and
- Market testing process and outcomes of supplier assessments have been documented, inclusive of a rationale for why the supply is determined as unique and cannot be sourced through more than one supplier; or
- The BHRC has good reason to believe that, because of the unique nature of the goods or services required it is unlikely that there is more than one potential supplier.

1.7.9 Anti-Avoidance

The BHRC will not conduct multiple purchasing activities with the intent (inadvertent or otherwise) of "splitting" the purchase value or the contract value, avoiding 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.

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2.0 SUSTAINABLE PROCUREMENT

The BHRC is committed to implementing sustainable procurement by providing a preference to suppliers that *demonstrate* sustainable business practices (social advancement, environmental protection and local economic benefits).

The BHRC will embrace Sustainable Procurement by applying the value for money assessment to ensure that wherever possible our suppliers demonstrate outcomes which contribute to improved environmental, social and local economic outcomes. Sustainable Procurement can be demonstrated as being internally focussed (i.e. operational environmental efficiencies or employment opportunities and benefits relating to special needs), or externally focussed (i.e. initiatives such as corporate philanthropy).

2.1 Local Economic Benefit

The BHRC encourages the development of competitive local businesses within the Wellington Regional Group boundary. As much as practicable, the BHRC will:

- where appropriate, consider buying practices, procedures and specifications that do not unfairly disadvantage local businesses;
- consider indirect benefits that have flow on effects for local suppliers (i.e. servicing and support);
- ensure that procurement plans address local business capability and local content;
- explore the capability of local businesses to meet requirements and ensure that Requests for Quotation and Tenders are designed to accommodate the capabilities of local businesses;
- avoid bias in the design and specifications for Requests for Quotation and Tenders – all Requests must be structured to encourage local businesses to bid; and
- Provide adequate and consistent information to local suppliers.

To this extent, a qualitative weighting will be included in the evaluation criteria for quotes and Tenders where suppliers are located within the boundaries of the Wellington Regional Group, or substantially demonstrate a benefit or contribution to the local economy.

This criterion will relate to local economic benefits that result from this purchasing process.

2.2 Purchasing From Disability Enterprises

An Australian Disability Enterprise may be contracted directly without the need to comply with the Threshold and Purchasing Practices requirements of this Policy, where a value for money assessment demonstrates benefits for the BHRC's achievement of its strategic and operational objectives.

A qualitative weighting will be used in the evaluation of quotes and Tenders to provide advantages to Australian Disability Enterprises, in instances where not directly contracted.

Where BHRC makes a determination to contract directly with an Australian Disability Enterprise for any amount including an amount over the Tender threshold of $100,001, the BHRC will need to be satisfied through alternate means that the offer truly represents value for money. A formal Request for Quotation will be issued to the Australian Disability Enterprise. The rationale for making the purchasing decision must be documented and recorded in accordance with the BHRC Records Management Policy.

2.3. Purchasing From Aboriginal Businesses

A business registered in the current Aboriginal Business Directory WA (produced by the Small Business Development Corporation) may be contracted directly without the need to comply with the Threshold and Purchasing Practices requirements of this Policy, only where:

- the contract value is or is worth $250,000 or less, and
- A best and sustainable value assessment demonstrates benefits for the BHRC's achievement of its strategic and operational objectives.

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A qualitative weighting will be used in the evaluation of quotes and tenders to provide advantages to businesses registered in the current Aboriginal Business Directory WA, in instances where not directly contracted.

Where BHRC makes a determination to contract directly with an Aboriginal Business for any amount up to and including $250,000, the Member needs to be satisfied through alternate means that the offer truly represents value for money. A formal Request for Quotation will be issued to the Aboriginal Business. The rationale for making the purchasing decision must be documented and recorded in accordance with the BHRC Records Management Policy.

2.4. Purchasing From Environmentally Sustainable Businesses

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

A qualitative weighting will be used in the evaluation of quotes and tenders to provide advantages to suppliers which:

- 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 of; and
- Encourage waste prevention, recycling, market development and use of recycled/recyclable materials.

3.0 PANELS OF PRE-QUALIFIED SUPPLIERS

The BHRC has a Panel of Pre-qualified Suppliers ("Panel") for use when a range of similar goods and services are required to be purchased on a continuing and regular basis.

Part of the consideration of establishing a panel includes:

- there are numerous potential suppliers in the local and regional procurement related market sector(s) that satisfy the test of 'value for money';
- the purchasing activity under the intended Panel is assessed as being of a low to medium risk;
- the Panel will streamline and improve procurement processes; and
- BHRC has the capability to establish a Panel, and manage the risks and achieve the benefits expected of the proposed Panel through the Contractor Management Policy.

4.0 TENDERS

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 and include a mix of skills and experience relevant to the nature of the purchase.

4.1 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)

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;

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- Detailed information shall include such information as the BHRC decides should be disclosed to those interested in submitting a tender;
- The criteria for deciding which tender should be accepted; and
- How tenders may so be submitted.

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4.2 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 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 integrity.

A Tender Register will be maintained using the BHRC Tender Register Template.

4.3 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.

4.4 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.

4.5 Tender Deadline

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

4.6 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 at least two (2) employees of the BHRC or one (1) employee of the BHRC and at least one person authorised by the CEO to open tenders.

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 the (2) Officers present at the opening of tenders.

4.7 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 specification for goods and/or services remains unchanged
- Purchasing is arranged within six (6) months of the closing date of the lapsed tender.

4.8 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.

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4.9 Notification of Outcome

Each tenderer shall be notified of the outcome of the tender following the 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.

5.0 PURCHASING POLICY NON-COMPLIANCE

A failure to comply with the requirements of this policy will be subject to investigation, with findings to be considered in context of the responsible person's training, experience, seniority and reasonable expectations for performance of their role.

Where a breach is substantiated it may be treated as:

- an opportunity for additional training to be provided;
- a disciplinary matter, which may or may not be subject to reporting requirements under the Public Sector Management Act 1994;
- Misconduct in accordance with the Corruption, Crime and Misconduct Act 2003.

6.0 RECORD KEEPING

All purchasing activity, communications and transactions must be evidenced and retained as local government records in accordance with the State Records Act 2000 and the BHRC's Record Keeping Plan. This includes those with organisations involved in a tender or quotation process, including suppliers.

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