Policy 3.10
Purchasing and Procurement

OBJECTIVE

The objectives of this Policy are to ensure that all purchasing activities:

- Achieve best value for money, considering whole-of-life costs and sustainable benefits including environmental, social and local economic factors;
- Comply with all relevant legislation, including the LGA, the Regulations and the Shire's policies, procedures and Codes of Conduct;
- Are recorded accurately and in accordance with the *State Records Act 2000* and the Shire's recordkeeping procedures;
- Mitigate probity risks through consistent, transparent, fair and equitable processes for all potential suppliers;
- Foster local economic development by maximising opportunities for local businesses to supply goods, services and works;
- Use consistent, efficient and accountable purchasing processes, including competitive quotation practices and appropriate assessment of value for money;
- Apply fair and impartial competitive processes, ensuring all suppliers are treated honestly and consistently;
- Uphold integrity and ethical decision-making, avoiding bias and managing actual, potential or perceived conflicts of interest;
- Support organisational efficiencies, ensuring purchasing outcomes contribute to effective use of Shire resources;
- Identify and manage risks associated with purchasing processes and outcomes, in line with the Shire's risk management procedures; and
- Ensure confidentiality, protecting commercial-in-confidence information and releasing information only when appropriately authorised to do so.

SCOPE

This Policy applies to all relevant purchasing and procurement undertaken by, or on behalf of the Shire, which includes employees, Council Members and Shire contractors.

Policy 3.10
Purchasing and Procurement

POLICY

1. Policy Statement

The Shire is committed to delivering best practice in the purchasing of goods, services and works by applying the principles of transparency, probity, good governance and sustainable procurement. The Shire will establish efficient, effective, and economical purchasing practices that comply with the LGA and the Regulations. All procurement processes and procedures to be followed are defined within this Policy and the Shire's prescribed procurement procedures.

2. Ethics and Integrity

2.1 Code of Conduct

All employees, contractors and Council Members involved in purchasing activities must comply with the Codes of Conduct and uphold the highest standards of ethics and integrity. They are required to act honestly, professionally and impartially at all times, ensuring their conduct supports the reputation and standing of the Shire.

2.2 Purchasing Principles

The following principles, standards and behaviours must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:

- Full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money;
- All purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Shire's policies and Code of Conduct;
- Purchasing is to be undertaken on a competitive basis where 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;
- Any information provided to the Shire by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation; and
- Employees must evidence their purchasing activities with the issue of purchase orders and operate within their authorised purchasing limit.

3. Value for Money

The Shire will apply value-for-money principles when assessing all purchasing decisions. The lowest price alone does not necessarily represent the most advantageous outcome and therefore assessments must also consider quality, risk and whole-of-life value.

3.1 Assessing Value for Money

A value-for-money assessment will consider:

- TCO applies for all purchases, including all costs associated with acquisition, delivery, implementation, training, maintenance, operation, consumables and disposal.
- Technical merits, including compliance with specifications, quality standards, contractual terms, resource availability, capacity and capability, warranties, guarantees, response times, ease of maintenance, after-sales service and communication.
- Supplier financial viability, including capacity to supply without risk of default and the supplier's performance, capability and compliance history
- Competition, ensuring sufficient competitive quotations are sought wherever practicable.
- Safety requirements and risk, including product design, compliance with relevant standards and risks arising from supply, installation, operation or maintenance.
- Local economic participation, including opportunities for businesses within the Shire's boundaries to quote whenever possible.
- Sustainability benefits, including environmental, social and economic benefits, corporate social responsibility and alignment with relevant Shire policies such as Regional Price Preference.
- Risk analysis, including identification and management of risks and opportunities associated with the purchasing activity, supplier performance and the goods or services being procured.

4. Purchasing Requirements and Thresholds

4.1 Legislative and Regulatory Requirements

All purchasing activities must comply with the LGA, the Regulations, this Policy, the Shire's Delegated Authority Register and the Shire's internal procurement procedures.

For the avoidance of doubt, where there is any inconsistency between this Policy and the Act or the Regulations, the Act and Regulations prevail.

4.2 Defining the Purchasing Value

The Shire will apply reasonable and consistent methodologies to determine purchasing value to ensure:

- the correct purchasing threshold and practice is applied; and
- purchasing for the same category of supply is combined where appropriate to achieve best value and efficiency.

A category of supply is a group of similar goods or services with common supply/demand characteristics.

4.2.1 Strategic Purchasing Value Assessments

The Shire will periodically review previous procurement activity to identify categories of supply capable of being consolidated into single contracts for improved value for money. The assessment will consider total expenditure across the maximum potential contract term.

4.2.2 Individual Purchasing Value Assessments

Where no contract exists, the purchasing value must be based on:

- the total value excluding GST;
- estimated total expenditure including extension options and TCO; and
- appropriate contract length based on market conditions and forecasted demand.

Purchasing values must not be split to avoid threshold requirements, see cl. 4.9 Anti-Avoidance.

4.3 Purchasing Value Definition

When assessing purchasing value, the Shire must consider:

- the full contract period (including extensions);
- expected total value for similar or ongoing supply within a three-year period; and
- up to 20% variation of the original value.
- Any variation exceeding 20% of the original value must be approved by Council or otherwise in accordance with delegated authority.

4.4 Purchasing from Existing Contracts

Where an existing contract exists, if appropriate, the Shire must use it if the scope is similar. Officers should check the Shire's Contracts and Quotation Register and liaise with the relevant contract manager or responsible officer before calling quotes or tenders.

4.5 Supplier Order of Priority

When selecting suppliers, the Shire will apply the following priority order where appropriate:

1. Existing pre-qualified panel or contract;
2. Local suppliers (Shire boundary first, then Regional Preference Policy applies);
3. WALGA PSA;
4. State Government CUA;
5. Other tender-exempt suppliers (including Aboriginal businesses and Disability Enterprises); and
6. Other suppliers in accordance with thresholds.

For any use of PSA and CUA, exemptions to obtaining quote thresholds may apply (see cl.4.6).

4.6 Purchasing Thresholds and Practices

The total purchasing value assessed under cl. 4.2 determines the relevant purchasing practice required below.

Table: Purchasing Thresholds and Required Practices

Purchase Value (ex GST)	Purchasing Requirement	Evaluators
$0 up to $499	No quotes required	Not applicable
From $500 and up to $9,999	Obtain at least one verbal or written quote from a suitable supplier. Evidence must be recorded.	Minimum 1 internal evaluator
From $10,000 and up to $49,999	Seek at least two written quotes. At least one written quote must be obtained. Quotations must address a brief scope and value-for-money criteria.	Minimum 1 internal evaluator*

Purchase Value (ex GST)	Purchasing Requirement	Evaluators
	If purchasing from WALGA PSA, State Government CUA or other tender exempt arrangement, at least one written quotation must be obtained.	
From $50,000 and up to $99,999^	Formal Request for Quotation (RFQ) or WALGA eQuotes. Seek at least three written quotations and obtain at least one written quotation. If purchasing from a WALGA PSA, State Government CUA or other tender exempt arrangement, at least one written quotation must be obtained.	Minimum 2 internal evaluators*
From $100,000 and up to $249,999^	Formal Request for Quotation (RFQ) or WALGA eQuotes. Seek at least three written responses and at least two must be obtained unless approved by the CEO. If purchasing from a WALGA PSA, State Government CUA or other tender exempt arrangement, at least one written quotation must be obtained.	Minimum 2 internal evaluators*
$250,000 and over^	Use tender-exempt arrangement (WALGA PSA, State Government CUA, reg. 11(2)) or conduct a public tender under Part 4 of the Regulations. Must use detailed specifications and evaluation criteria.	Minimum 3 evaluators* (majority internal). A Probity Auditor is recommended

* At least one evaluator must have delegated authority purchasing limit to approve the quotation amount received

^Approvers for these categories must be signed off by a Manager or above

4.7 Tendering Requirements and Exemptions

Public tenders are required for purchases equal to and over $250,000 (ex GST) unless a tender exemption applies under Regulation 11(2), which includes (but is not limited to) supply through, by or in association with:

- WALGA Preferred Supply Program;
- Commonwealth, State, regional or other local governments;

- WA Aboriginal Business Directory suppliers (for contract values of ≤$250,000 and subject to value for money provisions);
- Australian Disability Enterprises;
- a pre-qualified panel; or
- a state of emergency as defined by Regulation 11(3) (see cl. 4.10).

The Shire may choose to go to tender for contracts with a value below $250,000 where considered beneficial for value, risk or sustainability. If the decision is made to undertake a public tender in this instance, the Shire's tendering procedures must be followed in full.

4.8 Sole Source of Supply

Purchases equal to and over $10,000 may proceed without quotes/tenders only where:

- the market has been tested
- only one genuine supplier exists

Noting that CEO (or authorised officer) approval and documented justification are required.

4.9 Anti-Avoidance

The Shire must not attempt to avoid tender or quotation thresholds by doing any of the following:

- Splitting purchasing activities;
- Creating multiple contracts or purchase orders; and/or
- Purposely restructuring procurement practices.

4.10 Emergency Purchases

Purchases will be exempt from quotes/tender requirements where :

- There is imminent risk to life, public safety, property, or infrastructure; or
- A State of Emergency applies in accordance with Regulation 11(3).

But purchases must:

- Be limited to what is necessary;
- Use existing contracts where possible; and

- Be documented and recorded.

Where no budget allocation exists for the emergency purchase, approval must comply with s.6.8 of the LGA and be reported to Council as soon as practicable.

4.11 Purchasing Exemptions (Non-Tender)

Further exemptions from quotes/tenders apply with the following:

- Employment advertising;
- Provision of temporary personnel via WALGA;
- Training arranged by Human Resources;
- Pre-employment medicals;
- Advertising where it is mandatory for state-wide and local public notice;
- Landgate valuations;
- Advance/prior payment of services (i.e. travel/accommodation/seminars);
- Software licence renewals ≤ $30,000 per annum per renewal;
- Artists/performers for one-off community events;
- Legal services via WALGA, approved by the CEO;
- Memberships and subscriptions;
- Statutory fees, licences, registrations;
- Utility services with a single provider;
- Postage and courier fees;
- Banking fees;
- Insurance through LGISWA (s.9.58(6)(b) LGA);
- Light fleet (conditional to WALGA PSA's and State CUA's) if purchased by Executive Manager Operations & Assets;
- Fuel costs;
- Debt collection costs;

- Reimbursements;
- Community grants;
- Emergency Services Levy; and
- Proprietary consumables or parts where warranty is voided if substitute/s are used.

4.12 Expressions of Interest (EOI)

EOIs may be invited before a tender where:

- Requirements cannot be fully scoped;
- There are multiple methods to deliver the outcome;
- Supply requires creativity or innovation; and
- Many potential suppliers need shortlisting.

EOI's assess non-price information only.

4.13 Contract Renewals, Extensions and Variations

Contracts may not be varied unless:

- Necessary to supply the goods/services without changing scope; or
- Renewal/extension options were included in the original contract.

After all options are exhausted, a new competitive process is required unless the CEO is satisfied that undertaking a new procurement process would not represent value for money, would not be cost-effective or practical in the circumstances, or another exemption applies.

4.14 Third Party Transactions

Where a third party operates services under a management contract:

- They may receive/return funds on behalf of the Shire;
- All transactions must follow Shire procedures;
- Funds must be remitted promptly;
- Activities are subject to audit; and
- Third parties must comply with this Policy, with breaches triggering contract remedies.

5. Records to be Retained

The Shire must retain full and accurate records of all purchasing activities in accordance with the *State Records Act 2000*, the Shire's recordkeeping procedures and all associated procurement procedures. All purchasing communications, decisions and transactions constitute official records and must be captured and stored appropriately.

The Shire will ensure that all contracts for works or services include clear requirements for contractors to create, maintain, and transfer to the Shire all records relevant to the performance of the contract.

Records for each procurement process may include, but are not limited to:

- Procurement initiation documents (e.g., business case or justification for procurement);
- Procurement planning and approval documentation detailing how the procurement will be undertaken;
- Request documentation such as RFQ, EOI, or RFT;
- Copies of public advertisements or notices of private invitation (as applicable);
- Copies of all quotations, tenders and submissions received;
- Evaluation documentation, including individual evaluator notes, scoring sheets, clarifications and evaluation reports;
- Negotiation documentation, such as negotiation plans and correspondence;
- Approval of award documentation, including delegated authority signoffs or Council authorisation;
- All correspondence to respondents regarding outcomes, including award and non-award notifications;
- Contract documents, including Contract Management Plans, variations, extensions, and any amendments; and
- Ongoing contract management records, including performance reports, meetings, communications and contractor-provided records relevant to the contract.

6. Sustainable Procurement and Corporate Social Responsibility

The Shire is committed to sustainable procurement practices and to supporting suppliers who demonstrate strong environmental, social, and corporate governance performance. Where appropriate, the Shire will provide preference to suppliers that:

- minimise environmental impacts;
- demonstrate ethical labour practices;
- contribute positively to social outcomes; and
- operate with high standards of CSR.

Sustainability and CSR considerations must be balanced against value for money and support the Shire's sustainability objectives.

7. Local Economic Benefit

Wherever practicable, the Shire will support local economic development by:

- considering buying practices, procedures and specifications that do not unfairly disadvantage local businesses;
- identifying indirect local benefits such as servicing and support capability;
- ensuring procurement planning assesses local business capacity and local content opportunities;
- exploring the capability of local businesses to meet requirements and designing RFQs and RFTs to accommodate their capacity;
- avoiding bias in specifications and ensuring all documentation encourages local participation; and
- providing adequate and consistent information to potential suppliers.

A qualitative weighting may be applied in evaluations where:

- suppliers are located within the Shire's boundaries; or
- suppliers substantially demonstrate a benefit to the local economy.

The Shire's Regional Price Preference Policy applies to all relevant quotation and tender processes.

8. Purchasing from Disability Enterprises

Under Part 4 of the Regulations, the Shire is not required to publicly tender where goods or services are obtained from an ADE, provided the purchase:

- is listed on the relevant ADE register; and
- demonstrates value for money.

Where appropriate, ADEs may be invited to quote for goods or services below the tender threshold.

A qualitative weighting may be applied to support participation by Disability Enterprises.

9. Purchasing from Aboriginal Businesses

Under Part 4 of the Regulations, the Shire is not required to publicly tender for purchases up to $250,000 where the supplier is registered on the ABDWA published by the Small Business Development Corporation.

This exemption applies only where the arrangement demonstrates value for money.

Where appropriate, Aboriginal businesses may be invited to quote below the tender threshold.

A qualitative weighting may be applied where suppliers are:

- Aboriginal-owned businesses; or
- Businesses demonstrating significant Aboriginal employment or community benefits.

10. Panels of Pre-Qualified Suppliers

10.1 Objectives

In accordance with Regulation 24AC of the Regulations, the Shire may establish a Panel where most of the following factors apply:

- The Shire determines that a range of similar goods and services are required to be purchased on a continuing and regular basis;
- There are numerous potential suppliers in the relevant market capable of providing value for money;
- The purchasing activity under the intended Panel is assessed as low to medium risk
- The Panel will streamline and improve procurement processes; and
- The Shire has the capability to establish, manage, and derive the expected benefits of the Panel.

Where practicable and cost-effective, the Shire will prefer the use of Panels for categories of supply that involve recurring or high-volume purchasing, as Panels provide efficiencies, improved value for money, and consistent contract management outcomes.

Panels will not be created unless these factors are clearly established and can be justified.

10.2 Establishing and Managing a Panel

Where the Shire determines that a Panel is beneficial, the Panel will be established in accordance with Part 4, Division 3 of the Regulations.

Panels:

- May be established for one supply requirement or multiple similar supply categories;
- Will be created following a state-wide public invitation process;
- May operate for a minimum of 12 months with extension options determined appropriate by the Shire (generally not exceeding three years);
- Must include clearly defined evaluation criteria communicated in the application documentation; and
- Must state the expected number of suppliers per category.

The Shire will endeavour to appoint at least two suppliers to each Panel category where value for money is demonstrated.

If fewer than two suitable suppliers exist, the CEO may approve one supplier under this arrangement for a period of up to 12 months.

If a Panel member exits the Panel during the term, the Shire may replace them with the next ranked supplier, provided this intention is disclosed in accordance with Regulation 24AD(5)(d) and (e).

The Shire must manage the Panel contract to ensure:

- Supplier performance is monitored;
- Risks are managed; and
- Value for money is achieved.

A Contract Management Plan is recommended for each panel arrangement.

10.3 Distributing Work Amongst Panel Members

Under Regulation 24AD(5), when establishing a Panel, the Shire must specify which of the following arrangements will apply.

(a) Quotations invited from all panel members

All pre-qualified suppliers (within each category) will be invited to quote for each discrete purchase, using pre-determined evaluation criteria.

(b) Exclusive supply arrangement

The Shire may purchase exclusively from specific Panel members under defined circumstances, which must be detailed in the invitation documentation.

(c) Ranking system

The Shire may establish a ranking system for allocating work, subject to the following:

1. The highest-ranked supplier is invited first
2. If declined, the next ranked supplier is invited
3. If all Panel suppliers decline, the Shire may source from outside the Panel in accordance with purchasing thresholds
4. A ranking-based Panel must not operate longer than 12 months
5. No contract awarded under a ranking system can exceed 12 months in duration, including extensions

In all cases, value for money must be demonstrated for every contract awarded under the panel.

10.4 Purchasing from a Panel

The invitation to join a Panel must clearly state whether:

- Quotations will be invited from every panel member for each requirement;
- A ranking system will apply; and
- Any other prescribed method of allocating work will be used.

All purchases from Panel members must follow the allocation method set out in the original panel establishment documentation.

10.5 Communications and Recordkeeping for Panels

Each quotation process under a panel must be fully documented, including:

- The invitation to quote;
- All communications with Panel members;
- Quotations received;
- Evaluation documentation; and

- Notification of award.

11. Policy Non-Compliance

This Policy is mandated under the LGA and Regulation 11A of the Regulations and therefore forms part of the legislative framework within which the Shire must conduct its purchasing activities.

Where compliance with legislation, this Policy, or associated procedures cannot reasonably be achieved, the Shire must retain records that clearly evidence:

- The circumstances leading to non-compliance;
- The decision-making process; and
- The rationale supporting the action taken.

All purchasing activities are subject to internal and external financial and performance audits, which assess compliance with legislative requirements and Shire policies.

If any non-compliance with legislation, this Policy, or the Code of Conduct is identified, it must be reported to the Chief Executive Officer.

A failure to comply may be subject to investigation, and any findings will consider the responsible officer's:

- Training;
- Experience;
- Level of seniority; and
- Reasonable expectations associated with their role.

Where a breach is substantiated, it may be treated as:

(a) an opportunity for additional training or guidance;

(b) a disciplinary matter, which may be subject to the reporting requirements of the *Public Sector Management Act 1994*;or

(c) serious misconduct, in which case the matter will be reported in accordance with the *Corruption, Crime and Misconduct Act 2003*.

12. Definitions

ABDWA means the *Aboriginal Business Directory Western Australia*, published by the Small Business Development Corporation, listing verified Aboriginal-owned businesses eligible for tender exemptions under Regulation 11(2).

ADE means *Australian Disability Enterprise*, being an organisation listed on the national ADE register that provides supported employment to people with disability. Purchases from ADEs may be tender-exempt under Regulation 11(2).

Category of Supply means a grouping of similar goods, services or works with common market characteristics that may be aggregated for procurement efficiency.

CUA means a *Common Use Arrangement* established by the Western Australian State Government, being a tender-exempt panel arrangement available for use by public authorities including local governments.

Codes of Conduct means the Shire's adopted Code of Conduct for Employees and Code of Conduct for Council Members, Committee Members and Candidates, which prescribe required standards of ethical and professional behaviour.

Contract Management Plan means a document that outlines how a contract or Panel arrangement will be administered, monitored and reviewed to ensure performance and risk management.

CSR means *Corporate Social Responsibility*, being the commitment of suppliers to ethical behaviour, positive social impact, and environmental responsibility.

EOI means *Expression of Interest*, an early procurement process used to identify capable suppliers or to shortlist applicants before requesting tenders.

GST means *Goods and Services Tax.*

LGA means the *Local Government Act 1995.*

LGISWA means *Local Government Insurance Services Western Australia.*

Regulations means the *Local Government (Functions and General) Regulations 1996.*

Local Content means the extent to which goods, services, labour, materials or subcontracting are sourced from within the Shire of Gingin or recognised regional boundaries.

Panel means a *Panel of Pre-Qualified Suppliers* established under Part 4, Division 3 of the Regulations to supply defined categories of goods, services or works.

PSA means *Preferred Supplier Arrangement*, a tender-exempt panel of pre-qualified suppliers established and administered by WALGA.

Procurement means the end-to-end process of planning, sourcing, evaluating, engaging, managing and closing out contracts for the purchase of goods, services and works.

Purchasing Value means the estimated total expenditure over the full contract term, including options and TCO.

Ranking System means the method permitted under Regulation 24AD for allocating work under a Panel, whereby suppliers are invited in rank order.

Recordkeeping Plan means the Shire of Gingin's plan approved under the *State Records Act 2000.*

Regional Price Preference Policy means the Shire's adopted policy that provides pricing advantages to qualifying local and regional suppliers during evaluation.

Regulations means the *Local Government (Functions and General) Regulations 1996*.

RFQ means *Request for Quotation.*

RFT means *Request for Tender.*

Serious Misconduct means conduct defined under the *Corruption, Crime and Misconduct Act 2003.*

Shire means the Shire of Gingin.

Sole Source of Supply means a purchase where only one supplier is reasonably available, validated by market research and approved in accordance with delegated authority.

TCO means *Total Cost of Ownership*, being all costs associated with the lifecycle of a good or service including acquisition, operation, maintenance and disposal.

Value for Money means the most advantageous outcome achieved through an assessment of price, quality, risk, sustainability and total cost of ownership, not necessarily the lowest price.

Value for Money Assessment means an evaluation process that considers cost, quality, risk, sustainability, supplier capability and other relevant factors.

WALGA means the *Western Australian Local Government Association.*

GOVERNANCE REFERENCES

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

POLICY ADMINISTRATION

Review Cycle	Four years	**Next Review**	2030
Department	Office of the CEO		

Version	Decision Reference	Synopsis