

Procurement Policy



Responsible Division Corporate and Strategy

Responsible Business Unit/s Governance

Responsible Officer Manager Governance

Affected Business Unit/s All Business Units

Document Ref 3658439

Purpose

This policy demonstrates the City of Bayswater's commitment to the principles of transparency, probity and good governance in procurement practices and provides guidance in ensuring full compliance with applicable legislation. The policy also provides for preference to be given wherever possible to sourcing of environmentally sustainable products.

Policy Statement

The City's Procurement Policy is based on a model policy originally developed by the WA Local Government Association and reflects the legislative amendments introduced in October 2015 and general principles for good practice. The Chief Executive Officer shall have delegated authority to approve contracts and approve claims for such contracts, and shall have further delegated authority to approve payment claims for contracts approved by Council (including variations and extensions) and contracts between the City and a prescribed organisation as set out in the Local Government (Functions and General) Regulations 1996.

The objectives of the Procurement Policy are to ensure that:

1. 'Value for money' is achieved by delivering the most advantageous outcome possible while practicing transparency, fairness and equity to all potential suppliers and efficient, effective and proper expenditure of public monies.
2. All officers and employees have regard for the City's Code of Ethics when undertaking procurement-related activities, and shall observe the highest standards of ethics, integrity and accountability.
3. The Chief Executive Officer may sub-delegate authority to approve payment claims in accordance with operational requirements.
4. All payment claims shall require an authorised officer's approval in accordance with the approved sub-delegations.
5. Competitive quotations shall be obtained for procurement below the legislative tender limit of \$250,000, except where tender exemptions apply, or as provided for in the quotation requirements

set out in Attachment 'B' to the policy. Purchase orders shall also be raised for all transactions, except as where exempted in Attachment 'B'. The quotation requirements shall be as set out in Attachment 'A' and shall otherwise be consistent with the prevailing WALGA Model Policy. The detailed practice issues may be set out in a Management Guideline.

6. The City may establish a panel of pre-qualified suppliers and contractors (the panel members) in accordance with Part 4, Division 3 of the Regulations. In establishing and using a panel, the City must:

- a) clearly articulate the goods or services to be provided through the panel;
- b) provide instructions to each of the panel members regarding how work will be awarded;
- c) regularly review the performance of panel members;
- d) register all work agreements in the City's record keeping system; and
- e) not enter into a contract for work with any particular panel member (i.e. purchase order) for more than 12 months or which contains options to extend past 12 months (Division 3, reg 24AJ(2) of the Regulations).

For clarity, the panel itself (head agreements) can exist for a term of up to three years.

A panel of pre-qualified suppliers and contractors should only be created where:

- a range of similar goods and services are required on a continuing and regular basis;
- there are numerous potential suppliers and contractors that satisfy the 'value for money' test;
- The activities under the intended Panel have been assessed as of low to medium risk;
- The panel will enhance the efficiency of the City's operations; and
- The City has the capability to effectively and equitably manage the distribution of work amongst the panel members

A panel shall not have less than two members. The invitation to join the panel will include the standard information as per normal request for tender as well as the following: (a) The expected number of panel members; (b) How panel members will be appointed; (c) How work will be distributed to those appointed to the panel; (d) A statement to the effect that there is no guarantee that the City will purchase a minimum amount of goods or services from members of the panel; and (e) how panel members may be replaced should the requirement arise.

6. Procurement activities shall progressively work towards embracing full sustainability and corporate social responsibility principles. Management Guidelines may set out the detailed requirements.
7. Written contracts shall be entered into for all significant procurement. Management Guidelines may set out the particulars of the contract form and terms appropriate to each type of procurement, however all agreements shall be written as 'at arm's length' transactions and on full commercial terms.
8. Options for extension may be included where appropriate, provided that they are included in the full market process. Contracts shall not be extended beyond such options and performance reviews of the contract should be conducted prior to applying any extension option.
9. Registered Aboriginal businesses may be engaged directly under the exemption provisions of the Local Government (Functions and General) Regulations 1996 ('the regulations') and accordingly, should be afforded fair opportunity to provide goods and services to the City. The City's Reconciliation Action Plan includes developing and formalising a process for procurement from Aboriginal owned businesses and it is recognised that the State Government Aboriginal Procurement Policy sets specific targets. While a specific target for local government is not mandated, procurement activity should wherever practicable, consider those targets.
10. . WA disability enterprises may also be engaged directly under the exemption provisions of the regulations and the outcomes of the City's Access and Inclusion Plan 2020-24 include building partnerships with, and providing employment opportunities for, people with a disability and is aligned to the Department of Communities *Disability Services State Disability Strategy 2020-2030* which includes a strategic priority to provide jobs and economic participation. Accordingly, the WA disability enterprises should also be afforded fair opportunity to provide goods and services to the City.
11. The City's standard payment terms (30 days from receipt of invoice) shall be clearly set out in all purchasing and tendering documentation and the City shall ensure that these terms are met unless other payment terms have been negotiated and agreed by both parties.
12. Wherever practicable, preference shall be given to sourcing of accredited environmentally sustainable products. Accreditation should be third party, independently assessed against recognised industry codes of practice, or are externally assessed against industry programs for environmental impact and sustainable practices. In the absence of such accreditation, recognised self-declaration and external assessment should be considered. It is also recognised that not all businesses or services can achieve accreditation, either because no reliable accreditation exists in that field of expertise or because it concerns a small business enterprise that has not yet been able to pursue accreditation, and therefore preference should in those instances, be given to suppliers that can demonstrate that environmental policies and practices have been implemented in their operations. Management Guidelines may set out the detailed requirements.
13. Under the State Government's Buy Local Policy, Government Agencies and Local Governments, including the City, are encouraged to maximize 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.

Definitions

“Australian Disability Enterprise” means a person or organisation recognised by the Australian Government Department of Social Services as eligible for funding support to provide employment opportunities for people with disabilities within a commercial context.

“Corporate Social Responsibility (‘CSR’)” in procurement means sourcing preference to organisations that can demonstrate compliance with ethical and regulatory standards that are acceptable to the City and can demonstrate a positive impact on the communities and markets in which they operate, including supply chains that support local business development; and ethical sourcing, labour hire and manufacturing processes.

Environmental CSR aims to reduce the business footprint on the environment and covers energy use, waste minimisation, water efficiency, emissions reduction and recycling.

“Pre-qualified supplier” means an arrangement for more than one supplier under contract so that selection can be made depending on availability at the time.

“Registered Aboriginal Business” means a person or organisation registered on the Aboriginal Business Directory WA published by the Small Business Development Corporation established under the *Small Business Development Corporation Act 1983*.

“Significant procurement” means a project of around \$40,000 or more with either a detailed scope of work, technical complexity, or involving stages of work.

“Sustainability” in the context of procurement means the purchasing of goods and services that have lower environmental impact either through low carbon emissions industry-recognised energy or water efficiency ratings, sourcing of renewable materials and end-of-life recycling or safe disposal.

“Tender Exemption” means where any of the circumstances apply as set out in regulation 11 (2) of the *Local Government Act (Functions and General) Regulations 1996* including but not limited to: a unique supplier or an emergency situation as defined by the *Local Government Act 1995*; or where the purchase is from a prescribed tender-exempt organisation such as: WA Local Government Association (Preferred Supplier Contracts or Business Services); the Department of Treasury and Finance (permitted Common Use Arrangements); Regional Local Government or another Local Government; the purchase is under auction that has been authorised by Council; or the contract is for petrol, oil, or other liquid or gas used for internal combustion engines; or a registered Aboriginal Business or Australian Disability Enterprise.

“Value for Money” means consideration of quality standards, sustainability, life cycle costing and service benchmarks, and the total costs of ownership, including the related transaction costs associated with acquisition, so as to ensure the best outcome for the City.

“**WALGA Model Policy**” means the model procurement policy developed in response to regulatory changes introduced in 2007, as included in the WALGA Procurement Handbook (updated periodically).

Related Legislation

Local Government tendering is subject to the requirements of the *Local Government Act 1995* (“the Act”) and the *Local Government Act (Functions and General) Regulations 1996* (“the Regulations”), as amended from time to time. Local government recording keeping (including procurement-related matters) is subject to the requirements of the *State Records Act 2000*.

Related Documentation

City Policy in relation to accounts for payment

City Policy in relation to using the City’s Common Seal and Signatories for Contract Execution

WA Local Government Procurement Handbook

Emission Reduction and Renewable Energy Plan.

Relevant Delegations

Risk Evaluation	High – 2 Yearly Review Cycle
Council Adoption	28 February 2017
Review/Modified	23 July 2019
Review/Modified	27 April 2021
Review/Modified	31 January 2023
Next Review Due	January 2025

ATTACHMENT 'A'

**PROCUREMENT QUOTATION AND TENDERING
REQUIREMENTS**

<p>Under \$1,000</p>	<p>At least two (2) verbal quotations should be sourced, other than for miscellaneous items under \$150, which are normally dealt with under the petty cash guidelines and therefore do not require purchase orders, and wherever practicable that should include local businesses, registered Aboriginal businesses, Australian Disability Enterprises, or companies that demonstrate that they meet the Corporate Social Responsibility principles. Appropriate file notes kept of the responses by the responsible officer. Purchase orders shall be issued as appropriate and shall form the agreement with the supplier. Direct sourcing from WALGA-Preferred Supply Contracts or State Government Common Use Agreements is permitted, provided that the supplier can demonstrate value for money and is on the relevant panel for the specific</p>
<p>Over \$1,000 and up to \$40,000</p>	<p>Three (3) written quotations shall be sought from suppliers for goods and services except where a Tender Exemption applies.</p> <p>Wherever practicable, that should include local businesses, registered Aboriginal businesses and Australian Disability Enterprises or companies that demonstrate that they meet the Corporate Social Responsibility principles. Direct sourcing from WALGA-Preferred Supply Contracts or State Government Common Use Agreements is permitted, provided that the supplier can demonstrate value for money and is on the relevant panel for the specific requirements. All quotation information shall be kept confidential.</p> <p>Responses should be in writing and include the price and a sufficient amount of information relating to the specification of goods and services being offered to determine that they meet the requirements. Templates should be used where practicable (refer to the WALGA Procurement Handbook) and the quotation request shall include a statement requiring respondents to declare any conflict of interest. Details of each quotation shall be recorded by the responsible officer including comments on which quotation offer presents best value. Purchase orders shall be issued as appropriate (simple procurement) with reference to the contract terms and all quotation information shall be kept confidential. Due to the operational nature of the requirements, some transactions shall be exempt from the requirement for purchase orders, as set out in Attachment 'B' to this policy.</p>

\$40,000 - \$250,000	<p>As this will generally be a more complex procurement activity, the supplier should be provided with an appropriately-detailed specification, including: Selection Criteria; Price Schedule; and Conditions associated with responding as appropriate, and a statement shall be included requiring respondents to declare any conflict of interest. Quotation invitations should be issued simultaneously to all parties with sufficient time to ensure that they have an equal opportunity to respond. Any new information shall be provided as it arises to all prospective suppliers and the quotation responses should be assessed for compliance, then against the selection criteria, and the value for money principals. All respondents should be advised, in writing, of the outcome as soon as possible after the final determination is made and approved.</p> <p>A purchase order should be issued to the supplier and be accompanied by a contract acceptable to the City and in an appropriate form setting out the contract terms and outcomes, and all quotation information shall be kept confidential. Contract options for extension should be considered when determining the tender value. Contract execution shall be as per the limits set in the Delegated Authority Register and the Execution of Documents Policy</p>
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<p>Over \$250,000</p>	<p>Publicly advertised tenders for goods and services should be the preferred method for sourcing. Use of WALGA-Preferred Supply Contracts or State Government Common Use Agreements or exempt agencies should be considered only where competitive quotations can be achieved. Regardless of which approach is used, registered Aboriginal businesses (up to a limit of \$250,000), Australian Disability Enterprises and companies that demonstrate that they meet the Corporate Social Responsibility principles shall be given every fair opportunity to submit competitive proposals.</p> <p>Before tenders are publicly invited, the responsible officers shall develop a detailed scope of work and determine, in writing, the criteria for deciding which tender should be accepted. A statement shall be included requiring tenderers to declare any conflict of interest and the evaluation panel must be established prior to the advertising of the Tender and shall include a mix of skills and experience relevant to the nature of the purchase.</p> <p>State-wide public advertisement of the tender must precede the issuing of an appropriately-detailed specification, selection criteria, Price Schedule and Conditions of Tender, and such documentation shall be made available at least 14 calendar days prior to closing to ensure that all parties have an equal opportunity to respond. Any new information shall be advised by way of a written addendum to all registered parties as soon as possible. Tender responses shall be kept confidential and assessed, including a report to the CEO or Council, as appropriate, providing an assessment of the extent to which each tender response satisfies the selection criteria set prior to advertising the tender and the overall value for money principles.</p> <p>All tender respondents shall be advised in writing as soon as possible of the tender outcome, including the consideration, after the final determination is made and approved. Such notification shall include the name of the successful Tenderer and the total value of consideration for the winning offer shall be entered into the tender register at the conclusion of the Tender process.</p> <p>Tender determination shall be as per the limits set in the Delegated Authority Register and contract execution shall be as set out in the Delegated Authority Register and the Execution of Documents Policy.</p>
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ATTACHMENT 'B'

PURCHASE ORDER EXEMPTIONS

Agency	
	<ul style="list-style-type: none">- ATCO- Western Power- Water Corporation- Telstra- Australia Post- Contestable gas and electricity retailers (EDL and Perth Energy)