

City of Greater Geraldton Council Policy

4.9 PROCUREMENT OF GOODS AND SERVICES

STRATEGIC THEME

Leading

OBJECTIVES

The purpose of this Policy is to outline the City's commitment and approach to achieving value for money in an equitable and transparent manner when purchasing goods and services. This Policy is required to ensure compliance with the *Local Government Act 1995* (WA) and the *Local Government (Functions and General) Regulations 1996* (WA).

POLICY STATEMENT

The City is committed to efficient, economical, and sustainable procurement activities through systems and practices which:

- (a) ensure goods and services are obtained in an equitable and transparent manner,
- (b) comply with applicable legislation, and
- (c) deliver value for money.

This Policy covers all procurement activity undertaken by Council Members and City employees.

POLICY DETAILS

1. Ethics & Integrity

1.1. Code of Conduct

The City's Codes of Conduct apply when undertaking purchasing activities and decision making, requiring Council Members and City employees to observe the highest standards of probity, ethics and integrity, and act in an honest and professional manner throughout the procurement lifecycle.

1.2. Code of Business Ethics

City suppliers servicing the City shall comply with the City's Code of Business Ethics to ensure the highest standard of ethics and integrity in their dealings with the City.

2. Value for Money

2.1. Assessing and Defining Value for Money

2.1.1. The value for money principle underlies all procurement activities, which measures benefits, financial or otherwise, realisable by the City and calculated using whole-of-life costs (where relevant).

2.1.2. Value for money does not mean obtaining the lowest quote, rather it includes considering various factors inclusive of:

- supplier financial viability,
- past contractor performance,
- safety and quality standards,
- timely supply,

- environmental sustainability, risk exposure, and
- other relevant service considerations.

2.2. Buying Local

2.2.1. Where possible, suppliers operating within the City of Greater Geraldton are to be given the opportunity to quote for goods and services required by the City. However, it is recognised that not every category of goods and services required by the City will lend itself to supply by local business.

2.2.2. As much as practicable, the City shall endeavour to:

- (i) Consider buying practices, procedures and specifications that encourage the inclusion of local businesses and the employment of local residents, and do not unfairly disadvantage local businesses;
- (ii) Consider indirect benefits that have flow on benefits for local suppliers (i.e., servicing and support);
- (iii) Ensure that procurement plans address local business capability and local content;
- (iv) 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;
- (v) 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
- (vi) Provide adequate and consistent information to potential suppliers.

To this extent, a qualitative weighting may be afforded in the evaluation of quotes and tenders where suppliers are located within the boundaries of the City or substantially demonstrate a benefit or contribution to the local economy.

2.2.3. The City's Council Policy 4.11 Regional Price Preference outlines its commitment to local economic activity.

3. Purchasing Requirements

3.1. Legislative and Policy Requirements

3.1.1. Where purchasing value exceeds or is likely to exceed (including extension options and variations) \$250,000 ex GST (the tender threshold), the City is required under legislation to issue a public tender and follow legislative procedures unless an exemption applies.

3.1.2. Where purchasing value is below the tender threshold, \$250,000 (ex GST), City Officers must follow the requirements under this Policy, subject to clause 3.6 of this Policy.

3.2. Supplier Order of Priority

The City will consider and apply, where applicable and reasonably practical, the following Supplier Order of Priority:

Priority	Supplier Type
Priority 1	<p>Existing City Contract or Prequalified City Supplier Panel</p> <p>Where the City has an existing contract in place, it must ensure that goods and services required are purchased under these contracts or panels if the scope allows.</p> <p>If a relevant panel contract exists but an alternative supplier is considered to provide best value, the CEO, or an officer authorised by the CEO, must approve the alternative supplier. Other reasons for not using a panel contract may include:</p> <ul style="list-style-type: none"> a) Local supplier availability (that are not within the panel contract); or, b) Social procurement – preference to use Aboriginal business or Disability Enterprise. <p>If the City does not have a current contract or supplier panel relevant to the required supply, the procurement method is dependent on the Purchasing Value outlined in Table 1 below.</p>
Priority 2	<p>Local Suppliers</p> <p>Where the Purchasing Value does not exceed \$250,000 and a local supplier can provide the required supply, the City will ensure that wherever possible, quotations are sought from local suppliers located within the Geraldton as a priority, and those located within surrounding area as the second priority.</p> <p>Quotations are to be sought in accordance with the Purchase Value Thresholds table below. If no relevant local supplier is available, Tender Exempt suppliers, and Other Suppliers may be used via eQuotes in accordance with the Purchase Value Thresholds table below.</p>
Priority 3	<p>Tender Exempt Arrangements</p> <p>The legislation allows certain arrangements exempting the City from having to issue Requests from Tender regardless of whether the Purchasing Value will exceed the tender threshold where supply derives from:</p> <ul style="list-style-type: none"> a) A WALGA preferred supplier panel contract. b) Government Common Use Arrangement (CUA) or Contract. c) A registered Aboriginal Business (maximum value in accordance with Regulations 11(2)(h) or Australian Disability Enterprise.
Priority 4	<p>Other Suppliers</p> <p>Where there is no relevant existing contract or tender exempt arrangement available, purchasing activity from any other supplier may be carried out via direct engagement, eQuotes (RFQs/WALGA PSP), or Tenderlink (RFTs), in accordance with the <u>Purchase Value Thresholds</u> in Table 1 below.</p>

3.3. Anti-Avoidance

3.3.1. Where likely spend exceeds or is likely to exceed \$250,000, Regulation 12(1) prohibits contract splitting in circumstances where the desire is to avoid issuing a public tender.

3.3.2. For all other purchases, multiple procurement activities for the same goods or services must not be conducted with the intent of separating the procurement over two or more purchase orders or contracts, so that the effect is to avoid a procurement threshold outlined in Table 1. Where feasible, orders should be aggregated upwards to provide a contract for the supply of goods and services on an annual or longer-term basis.

3.4. Procurement Thresholds

3.4.1. In determining the purchase value, the following factors are to be considered:

- All values are exclusive of GST, and
- The amount is the actual or expected value of a contract over the full contract period, including all options and likely variations.

3.4.2. Table 1 outlines the requirements that apply to the City's procurement activities. All procurement must be conducted in accordance with the City's Procurement Procedures and must be approved by an officer with the appropriate financial authorisation limits and/or delegation.

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Table 1

Purchasing Value Threshold	Minimum Purchasing Requirements
Up to \$2,5000 (ex GST)	No formal quotes required, direct purchase by authorised officers.
\$2,500 to \$10,000 (ex GST)	<p>Direct supplier engagement by seeking at least 1 written quotation. Written quotations must be saved against the requisition.</p> <p>Note: Quotations may be obtained from either:</p> <ul style="list-style-type: none"> • an existing list of suppliers administered by the City; or • an existing panel of pre-qualified suppliers administered by the City; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government Common Use Arrangement; or • from the open market.
\$10,001 and up to \$50,000 (ex GST)	<p>Seek 3 written quotations from suitable suppliers in accordance with the Supplier Order of Priority detailed in clause 3.2. Include a brief outline of the specified requirements using a simple Request for Quote document.</p> <p>Note: Quotations may be obtained from either:</p> <ul style="list-style-type: none"> • preferably an existing list of suppliers administered by the City (eQuotes); or • an existing panel of pre-qualified suppliers administered by the City; or • a pre-qualified supplier on the WALGA Preferred Supply Program or State Government Common Use arrangement; or • from the open market.
\$50,001 and up to \$250,000 (ex GST)	<p>Seek 3 written quotations via eQuotes from suitable suppliers in accordance with the Supplier Order of Priority detailed in clause 3.2. Include a formal invitation using the formal Request for Quote document, containing price schedule, detailed specification of goods and services required, and evaluation criteria.</p> <p>The purchasing decision is to be based upon assessment of suppliers' responses to:</p> <ul style="list-style-type: none"> • the formal Request for Quotation, containing price schedule, detailed specification of goods and services required; and • pre-determined evaluation criteria that assess all <u>value for money</u> considerations.

<p>Over \$250,000 (ex GST)</p>	<p>Unless an exemption applies, conduct a public Request for Tender arrangement in accordance with Regulations and the City's tender procedures.</p> <p>For tender exempt arrangements such as WALGA PSP, State Government Common Use Arrangement or other exemptions, seek at least 3 quotes from suppliers via eQuotes under a formal Request for Quotation.</p> <p><u>OR</u></p> <p>For public tenders, issued in accordance with legislation and City procedures, undertake a invitation to tender using the formal Request for Tender document, assisted by the Procurement team.</p> <p>The tender exempt or public tender purchasing decision is to be based on the suppliers' responses to:</p> <ul style="list-style-type: none"> • a detailed specification; and • pre-determined evaluation criteria that assess all value for money considerations in accordance with the definition stated within this Policy.
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Note: where there is a discretion to request quotations either verbally or in writing, it is important to consider the nature and complexity of the goods or services to be acquired. If the purchase is simple and straightforward, a verbal request may suffice. However, where the scope of work is detailed and complex a written request for quotation will ensure suppliers fully understand and deliver on the City's requirements and expectations.

Note: regardless of the value of a contract, a formal RFQ process should be undertaken if:

- the proposed transaction could have significant risk including, but not limited to, financial, legal or reputational consequences for the City; or
- the proposed transaction will require the City to enter a contract exceeding 12 months.

3.5. Direct Sourcing

3.5.1. Where direct sourcing is implemented in accordance with this policy, the purchase must adhere to City Purchasing Manual and established City templates.

3.5.2. In accordance with 3.3.2 where repeated direct sourcing has occurred with the same category of supply, the City shall establish a single contract arrangement where it is reasonably practical and represents value for money.

3.6. Exemption from Compliance with Minimum Purchasing Requirements

3.6.1. Where the Minimum Purchasing Requirements listed in Table 1 cannot be met, or the best value for money outcome will be achieved by not meeting the Minimum Purchasing Requirements, approval for non-compliance with this Policy may be granted.

3.6.2. When conducting tender exempt procurement in accordance with Regulation 11(2), multiple quotations should be sought in accordance with Table 1 unless an approval is endorsed by the CEO or Director in accordance with 3.6.3.

3.6.3. Where purchases are made under sections 3.6.1 or 3.6.2, a Manager, Director or CEO approved file note outlining full details of the exemption must be recorded in accordance with record keeping procedures and accompany the purchase requisition. Approval must be granted (aligned to respective financial authorisations) dependent on total value of the purchase.

3.7. Software License Exemption

3.7.1. The requirement to undertake a formal quotation process does not apply to the renewal or extension of existing software licenses where:

- The software is already in operational use by the City;
- The renewal represents demonstrable value for money having regard to whole-of-life cost, risk, and disruption;
- The cost of transition to an alternative solution would be impractical, uneconomic, or present unacceptable operational, technical, or security risks.

3.7.2. Any such exemption must be supported by a documented value-for-money assessment and endorsed by the CEO or Director in accordance with delegation levels.

3.8. Sole Source of Supply

3.8.1. Where the purchasing requirement for goods and/or services is of a unique nature that can only be supplied from one supplier, the purchase is permitted without undertaking a tender or quotation process.

3.8.2. The City must use its best endeavours to determine if the sole source of supply is genuine, by exploring if there are any alternative sources of supply. Once determined, the justification must be endorsed by the CEO or Director in accordance with delegation levels, prior to a contract being entered into.

3.9. Fixed or Statutory Costs

3.9.1. City Officers are exempt from complying with Minimum Purchasing Requirements and/or this Policy for purchases where a product or service is fixed or pre-determined in nature due to statutory requirements, and multiple comparable Quotes cannot be obtained (e.g. utilities, other Government fees or charges, state-wide advertising, postal services, memberships and subscriptions, taxis/cab charges / ride sharing / and specialised industry-based training).

3.10. Caretaker Period

The City's Council Policy 4.33 Local Government Elections – Caretaker Period establishes parameters for significant expenditure during the legislated Caretaker Period.

4. Sustainable Procurement and Corporate Social Responsibility

- 4.1. The City is committed to providing a preference to suppliers that demonstrate sustainable business practices and high levels of corporate social responsibility (CSR).
- 4.2. Where appropriate, the City shall endeavor to provide an advantage to suppliers who demonstrate that they minimise environmental and negative social impacts and embrace CSR. Sustainable and CSR considerations must be balanced against value for money outcomes in accordance with the City's sustainability objectives.

5. Expressions of Interest

Expressions of Interest (EOI) will be considered as a prerequisite to a tender process [*Functions and General Regulation 21*] where the required supply evidences one or more of the following criteria:

- (a) Unable to sufficiently scope or specify the requirement;
- (b) There is significant variability for how the requirement may be met;
- (c) There is potential for suppliers to offer unique solutions and / or multiple options for how the purchasing requirement may be sought, specified, created or delivered;
- (d) Subject to a creative element; or
- (e) Provides a procurement methodology that allows for the assessment of a significant number of potential tenderers leading to a shortlisting process based on non-price assessment.

All EOI processes will be based upon qualitative and other non-price information only.

6. Contract Management

6.1. Contract Management

All City contracts will be proactively managed during their lifecycle by the responsible City Officer to ensure the City receives value for money and to enforce performance against the contract with the City's contract management framework.

All contracts over the value of \$50,000 must be entered into the City's electronic contract management system.

6.2. Minor Variations to Contracts – Prior to entry into a contract

6.2.1. Minor Variations to Tenders

In accordance with Regulation 20, a minor variation may be made to a contract following a tender process, prior to the City and the preferred tenderer formalising the contract.

Consideration as to what may constitute a 'minor' variation is dependant on the circumstance and the total value of the goods and services that tenderers were invited to supply. A minor variation may be required to meet the following conditions:

- (i) Does not alter the nature of the goods and/or services procure; and
- (ii) Does not materially alter the scope provided in the initial tender.

6.2.2. Minor Variations to All Other Contracts

- The above conditions also apply to procurement under \$250,000 and are required to be undertaken in accordance with relevant procedures.
- All decisions regarding minor variations must be documented and recorded in accordance with delegated authority.

6.3. Variations to Contracts after Commencement

In general, agreements and contracts may be varied where:

- (i) the variation is lawful and in accordance with the contract (mutually agreed);
- (ii) the revised value of the contract resulting from the variation is within an employee's authorised financial delegation;
- (iii) the revised value (if applicable) of the contract resulting from the variation can be incorporated into approved City budgets and/or the City's Long Term Financial Plan.

6.3.1. Variations to Tenders

In addition to clause 6.2.1, variations to contracts entered by the City through the public tender process are restricted by the Regulations. Under Regulation 21A, a contract entered after a public tender process must not be varied unless:

- (i) the variation is necessary for the goods or services to be supplied and does not change the scope of the contract; or
- (ii) the variation is a renewal or extension of the term provided as part of the contract conditions.

6.3.2. Variations to All Other Contracts

- (i) Consideration must be given to the original procurement process conducted and whether the combined value of the original price, any subsequent variations and proposed variation (which includes term extensions) would have resulted in a different procurement process being undertaken due to the increased expenditure.
- (ii) All contract variations are to be recorded and supported by adequate documentation describing nature and the reasons for the variations, including the associated cost, time, and scope implications.
- (iii) Contract variations are to be approved in accordance with financial authorisation limits.
- (iv) Variations to all contracts must be conducted in accordance with Procurement guidelines and the City's contract management framework.

6.4. Contract Renewals and Extensions

6.4.1. A contract extension is not permitted unless:

- (i) The original invitation contained provisions for a renewal or extension of the contract; and
- (ii) The original contract includes an extension option (unless State of Emergency provisions apply); and
- (iii) There must be documented evidence of satisfactory contractor performance before the contract extension is approved; and
- (iv) Extension is on the same terms and conditions as the last year of the original term but does allow for price increases in line with the contract provisions (if any) for price.

6.5. Contract Expiry

Upon expiry of the original contract, and after any options for renewal or extension included in the original contract have been exercised, the City is required to review the purchasing requirements and commence a new competitive purchasing process in accordance with this Policy.

7. Emergency Purchases

Emergency purchases as per the Regulations, are defined as the supply of goods and services associated with:

- A local emergency and the expenditure is required (within existing budget allocations) to respond to an imminent risk to public safety, or to protect or make safe property or infrastructure assets; or
- A local emergency and the expenditure is required (with no relevant available budget allocation) to respond to an imminent risk to public safety, or to protect or make safe property or infrastructure assets in accordance with section 6.8 of the Act and Regulation 11(2)(a); or
- A State of Emergency is declared under the *Emergency Management Act 2005* and Regulations 11(2)(aa), (ja) and (3) apply to vary the application of this Policy.

An emergency purchase does not include purchases not appropriately planned for or due to time constraints.

8. Records Management

All written information and documentation related to purchases is to be retained and stored in accordance with the City's Recordkeeping Plan and associated purchasing procedures, including outgoing and incoming documents, quotations received, recommendation forms, supporting information and other correspondence related to each quotation.

9. Purchasing Policy Non-Compliance

The Purchasing Policy is mandated under the *Local Government Act 1995* and Regulation 11A of the *Local Government (Functions and General) Regulations 1996*, and therefore the policy forms part of the legislative framework in which the Local Government is required to conduct business.

Where legislative or policy compliance is not reasonably able to be achieved, records must evidence the rationale and decision-making processes that substantiate the non-compliance.

Purchasing activities are subject to internal and external financial and performance audits, which examine compliance with legislative requirements and the City's policies and procedures.

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

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*; or
- where the breach is also identified as potentially serious misconduct, the matter will be reported in accordance with the *Corruption, Crime and Misconduct Act 2003*.

KEY TERM DEFINITIONS

Contract means an agreement which creates legally enforceable obligations between parties. A purchase order is a form of Contract.

Contract Management Framework means the City's suite of contract management processes, contract documentation and system approvals.

Contract Variation means an alteration or change to the original contract of a significant nature i.e. a term or condition of the contract or price. It does not include any administrative changes or agreements between Parties as to the interpretation of a clause.

Direct Sourcing means the procurement of goods and/or services by placing an order with the supplier of choice, without seeking other bids.

eQuotes means the electronic procurement system utilised to issue and receive requests for quotation, otherwise known as VendorPanel.

Open Market means Officers are free to select suppliers from any source to participate in procurement activity. There is no obligation to issue a statewide public notice under Open Market conditions. The City may restrict which suppliers are invited to respond to such requests.

Public Tender means a tender process conducted in accordance with Part 4 of the Local Government (Functions and General) Regulations 1996. Public tenders require statewide public notice to be lodged. Suppliers may not be restricted from responding to the tender request. **Tenderlink** is the current online electronic Tender system that is used for issuing all City Tenders.

ROLES AND RESPONSIBILITIES

It is the responsibility of all City employees and Council Members, undertaking procurement activities, to comply with this policy and its supporting systems and procedures. All City employees and Council Members, when undertaking procurement activities, are required to observe the highest standards of ethics and integrity and act in an honest and professional manner that supports the standing of the City of Greater Geraldton.

WORKPLACE INFORMATION

Local Government Act 1995

Local Government (Functions and General) Regulations 1996 – Divisions 1 and 2

Council Policy 4.11 Regional Price Preference

Council Policy 4.10 Procurement via Panels of Prequalified Suppliers

Operational Policy 034 Financial Authorisations

Operational Policy 023 Petty Cash

City Code of Business Ethics

Codes of Conduct

City Purchasing Manual and Procurement Processes

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POLICY ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate Services		Manager Corporate Compliance	Biennial	2028
Version	Decision Reference	Synopsis		
6.	Click or tap here to enter text.	Policy Review		