



Shire of
Collie

MINUTES

for the

AUDIT COMMITTEE MEETING

held on

Tuesday, 26 March 2024



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Background:

The Shire’s existing Purchasing Policy CS3.23 is due for review.

During review, a number of matters have been identified within the existing policy which require further consideration, in particular:

- difficulty in obtaining two written quotes for all purchases above \$500, resulting in non compliance, multiple purchases to avoid reaching the threshold, and impact on relationship with tradespeople and local suppliers;
- the low thresholds for obtaining quotes or calling tenders in comparison to other local governments;
- administrative process steps that discourage local businesses from trading with the Shire;
- the administrative cost, inefficiencies, and potential loss of market response due to the requirement to go through a statewide tender process for purchases over \$100,000;
- the administrative cost and inefficiencies due to no option to use the WALGA preferred supplier panel in lieu of tender process i.e. purchase of plant or road construction materials; and
- that the unique nature of supply is identified in the policy as only exempt when purchases are above \$5,000 (possibly a typographical error and should be \$500).

The Shire of Collie’s current policy is included within the Appendix 9.1.A commencing page 17.

Current legislation, the policies and practices of other local governments, and guidance from the Western Australian Local Government Association (WALGA) and DLGSCI have been taken into consideration in the development of the recommended changes to improve procurement practices.

In revising the existing purchasing policy for Council consideration, the focus has been on ensuring that the Shire utilises local businesses wherever practicable.

The proposed thresholds for procurement are:

Monetary threshold of the contract value, including extension and options (exclusive of GST)	Process Required	Source
Up to \$4,999	Purchase directly from a supplier after obtaining at least one (1) oral or written quotation from that supplier.	Local supplier where practical, provided value for money principles as outlined under part 2 of this policy are reasonably considered. If no local suitable supplier, one (1) quote through: WALGA PSP where practical; or State Commonwealth User Agreement (CUA); or Australian Disability Enterprise; or Aboriginal owned business; or open market

Monetary threshold of the contract value, including extension and options (exclusive of GST)	Process Required	Source
\$5,000 to \$49,999	Obtain a minimum of two (2) written quotations from suppliers after providing a brief outlining the specified requirement.	Where practical, local suppliers to be invited along with open market suppliers. Seek two (2) or more quotes through: WALGA PSP where practical; or State CUA; or Australian Disability Enterprise; or Aboriginal owned business; or open market
\$50,000 to \$249,999	Obtain a minimum of three (3) written quotations from suppliers by formal RFQ.	Where practical, local suppliers to be invited along with open market suppliers. Seek three (3) or more quotes through: WALGA PSP where practical; or State CUA; or Australian Disability Enterprise; or Aboriginal owned business; or open market
\$250,000 and above	Conduct a public tender process in accordance with the Act and the Regulations (unless the Regulations provide an exception refer Regulation 11(2)).	Public open market
\$250,000 and above (Tender Exempt)	Seek three (3) or more written quotations	WALGA PSP; State CUA; or Australian Disability Enterprise;

Statutory and Policy Implications:

In accordance with section 2.7(2)(b) of the *Local Government Act 1995* (the Act) it is the role of the Council to determine the local government's policies.

In accordance with regulation 11A of the *Local Government (Functions and General) Regulations 1996* a local government is to implement a purchasing policy in relation to contracts for supply of goods or services where the consideration under the contract is, or is expected to be, \$250,000 or less.

The policy must make provision in respect of:

- the form of quotations acceptable;
- the minimum number of oral quotations and written quotations that must be obtained; and
- the recording and retention of written information, or documents, in respect of all quotations received and all purchases made.

Further information in relation to statutory requirements is outlined in the accompanying Discussion Paper.

Budget Implications

Nil

Communications Requirements: (Policy No. CS 1.7)

On adoption of a revised Purchasing Policy, the policy will be communicated to all staff involved with procurement.

Strategic Community Plan/Corporate Business Plan Implications:

STRATEGIC COMMUNITY PLAN – ADOPTED DECEMBER 2022		
GOAL:	5	Our Organisation
Objective:	5.1	Innovative leadership, forward planning and mutually beneficial partnerships

Relevant Precedents:

The current policy was adopted in July 2020.

Comment

The changes proposed to the purchasing policy will improve the Shire’s engagement with local service providers, administrative efficiency for local service providers and the Shire, ability for the Shire to provide a preference to local providers, and the likelihood of competitive submissions.

The Committee is asked to review and consider the proposed changes to *CS3.23 Purchasing Policy* and make recommendation to Council with or without further modification

10. **MOTIONS FOR WHICH PRIOR NOTICE HAS BEEN GIVEN**
Nil.
11. **QUESTIONS BY MEMBERS FOR WHICH DUE NOTICE HAS BEEN GIVEN**
Nil.
12. **URGENT BUSINESS APPROVED BY THE PRESIDING MEMBER OR BY DECISION**
Nil.
13. **ANNOUNCEMENTS BY THE PRESIDING MEMBER AND COUNCILLORS**
Nil.
14. **OTHER MATTERS TO DISCUSS**
Nil.
15. **CLOSE**
Cr Italiano (presiding member) closed the meeting at 5:20 pm.

I certify that these minutes were confirmed at a meeting of the Audit Committee

Presiding Member

Date

CS3.23 Purchasing Policy

Policy Purpose

To provide probity and accountability for the purchasing of goods and services by ensuring compliance with the *Local Government Act 1995* and Part 4 of the *Local Government (Functions & General) Regulations 1996 (as amended)*.

Scope

Applies to all procurement activities undertaken by staff with the authority to purchase goods and services.

Objectives

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

- (a) Achieve best value for money that considers sustainable benefits, such as environmental, social and local economic factors;
- (b) Foster economic development by maximising participation of local businesses in the delivery of goods and services;
- (c) Use consistent, efficient and accountable purchasing processes and decision-making, including competitive quotation processes;
- (d) Apply fair and equitable competitive purchasing processes that engage potential suppliers impartially, honestly and consistently;
- (e) Commit to probity and integrity, including the avoidance of bias and of perceived and actual conflicts of interest;
- (f) Comply with the *Local Government Act 1995*, *Local Government (Functions and General) Regulations 1996*, other relevant legislation, Codes of Practice, Standards and Shire of Collie policies and procedures;
- (g) Ensure purchasing outcomes contribute to efficiencies (time and resources);
- (h) Identify and manage risks arising from purchasing processes and purchasing outcomes in accordance with the Shire's Risk Management framework;
- (i) Ensure records evidence purchasing activities in accordance with the *State Records Act 2000* and the Shire's Record Keeping Plan; and
- (j) Ensure confidentiality that protects commercial-in-confidence information and only releases information where appropriately approved.

Definitions

CUA - Common User Agreement

PSP - Preferred Supplier Program

WALGA - Western Australian Local Government Association

Policy Statement

1. Ethics and Integrity

a. Misconduct

All officers and employees of the Shire undertaking purchasing activities must:

- Apply accountable and ethical decision making principles within the work environment;
- Behave in accordance with legislation, Shire of Collie policies, procurement processes and Employee Code of Conduct;
- Understand and observe the definitions of Misconduct and Serious Misconduct as defined in the Corruption Crime and Misconduct Act 2003; and
- Report any information about actual or potentially fraudulent, corrupt or illegal activities, including breaches of the Shire's Employee Code of Conduct, to their manager, director or CEO.

b. Principles of Procurement

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:

- All purchases of goods and services must have the required Council budget appropriation prior to purchase;
- 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; and
- 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

2. Value for Money

The Shire will apply value for money principles in critically assessing purchasing decisions and acknowledges that the lowest price may not always be the most advantageous.

Value for money assessment will consider:

- (a) All relevant Total Costs of Ownership (TCO) and benefits including transaction costs associated with acquisition, delivery, distribution, and other costs such as, but not limited to; holding costs, consumables, deployment, training, maintenance and disposal;
- (b) 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, the supplier's resource availability, capacity and capability, value-adds offered, warranties, guarantees, repair and replacement policies and response times, ease of inspection and maintenance, ease of after sales service, ease of communications, etc.;

- (c) The supplier's financial viability and capacity to supply without the risk of default, including the competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history;
- (d) A strong element of competition by obtaining a sufficient number of competitive quotations consistent with this Policy, where practicable;
- (e) 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;
- (f) 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 Shire Policy; and
- (g) Analysis and management of risks and opportunities that may be associated with the purchasing activity, potential supplier/s and the goods or services required.

3. Purchasing Thresholds and Practices

3.1 Defining the Purchasing Value

The Shire will apply reasonable and consistent methodologies to assess and determine Purchasing Values, which ensure the appropriate purchasing threshold and practice is applied in all purchasing activities.

3.2 Purchasing Value Assessments

Where there is no relevant current contract, each purchasing activity is to assess the Purchasing Value based upon the following considerations:

- (a) Exclusive of Goods and Services Tax (GST);
- (b) The estimated total expenditure for the proposed supply including the value of all contract extension options and where applicable, the total cost of ownership considerations;
- (c) The appropriate length of a contract is to be determined based on market volatility, ongoing nature of supply, historical purchasing evidence and estimated future purchasing requirements;
- (d) Requirements must not be split to avoid purchasing or tendering thresholds [F&G Reg. 12].

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

The table below prescribes the purchasing processes the Shire must follow, based on the purchase value.

Monetary threshold of the contract value, including extension and options (exclusive of GST)	Process Required	Source
Up to \$4,999	<p>Purchase directly from a supplier after obtaining at least one (1) oral or written quotation from that supplier.</p> <p>Evaluated by one (1) Shire officer and authorised by another Shire officer with purchasing authority.</p>	<p>Local supplier where practical, provided value for money principles as outlined under part 2 of this policy are reasonably considered.</p> <p>If no local suitable supplier, one(1) quote through: WALGA (PSP) where practical; or State CUA; or Australian Disability Enterprise; or Aboriginal owned business; or open market</p>
\$5,000 to \$49,999	<p>Obtain a minimum of two (2) written quotations from suppliers after providing a brief outlining the specified requirement.</p> <p>Evaluated by a minimum or two (2) Shire officers including the authorising manager or director in line with purchasing authority limits.</p>	<p>Where practical, local suppliers to be invited along with open market suppliers. Seek two (2) or more quotes through WALGA PSP where practical; or State CUA; or Australian Disability Enterprise; or Aboriginal owned business; or open market</p>
\$50,000 to \$249,999	<p>Obtain a minimum of three (3) written quotations from suppliers by formal RFQ.</p> <p>Evaluated by a minimum of three (3) Shire officers including a manager or director and authorised by the CEO and at least one director.</p>	<p>Where practical, local suppliers to be invited along with open market suppliers. Seek three (3) or more quotes through: WALGA PSP where practical; or State CUA; or Australian Disability Enterprise; or Aboriginal owned business; or open market</p>

Monetary threshold of the contract value, including extension and options (exclusive of GST)	Process Required	Source
\$250,000 and above	<p>Conduct a public tender process in accordance with the Act and the Regulations (unless the Regulations provide an exception refer Regulation 11(2)).</p> <p>Evaluated by a minimum of three (3) Shire officers, including a manager and director and recommendation endorsed by the CEO. The recommendation must be submitted to Council for award.</p>	Public open market
\$250,000 and above (Tender Exempt)	<p>Seek three (3) or more written quotations.</p> <p>Evaluated by a minimum of three (3) Shire officers, including a manager and director and recommendation endorsed by the CEO. The recommendation must be submitted to Council for award.</p>	WALGA PSP; State CUA; or Australian Disability Enterprise.

3.3 Purchasing Conditions

Supply of goods and services must not commence until a purchase order has been issued unless exempt from this requirement. A purchase order is unnecessary in the case of the following:

- i. Insurances;
- ii. Payments made through payroll;
- iii. Utilities (service and/or consumption charges/fees only);
- iv. Fees and payments that are statutory, this includes bank fees;
- v. Other statutory damages, infringements and penalties;
- vi. Loan repayments;
- vii. Freight, postal charges and fuel cards;
- viii. Goods purchased through petty cash;
- ix. Credit card balance payments at bank;
- x. Where a service agreement is in place; and
- xi. Eligible staff reimbursements authorised by manager.

All procurement activity must be carried out in accordance with the relevant purchasing procedures in effect at the Shire.

3.4 Anti-Avoidance

The Shire will not conduct multiple purchasing activities with the intent (inadvertent or otherwise) of "splitting" the purchase value or the contract value, so that the effect is to avoid 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.

3.5 Minor Variations

- (a) In accordance with regulation 20 of the Regulations, a minor variation may be made to a contract following a tender process, by the Shire, prior to the Shire and the preferred tenderer formalising the contract;
- (b) A minor variation has been determined by the Shire to mean a variation which does not materially alter the specification or structure provided for by the initial tender;
- (c) Where the initial procurement required Council approval, and the variation does not meet the above condition, then the variation must be presented to Council for consideration;
- (d) All decisions regarding minor variations must be documented and recorded.

3.6 Contract Renewals, Extensions and Variations

Where a contract has been entered into as the result of a publicly invited tender process, then *Functions and General Regulation 21A* applies.

For any other contract, the contract must not be varied unless

- (a) The variation is necessary in order for the goods or services to be supplied and does not change the scope of the contract; or
- (b) The variation is a renewal or extension of the term of the contract where the extension or renewal options were included in the original contract.

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

3.7 Expressions of Interest

Expressions of Interest (EOI) will be considered as a prerequisite to a tender process [*F&G Reg.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 obtained, 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.

3.8 Local Economic Benefit

The Shire promotes economic development through the encouragement of competitive participation in the delivery of goods and services by local suppliers permanently located within the Shire boundaries. As much as practicable, the Shire will:

- (a) consider buying practices, procedures and specifications that encourage the inclusion of local businesses and the employment of local residents;
- (b) consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
- (c) ensure that procurement plans, and analysis is undertaken prior to developing requests to understand local business capability and local content availability where components of goods or services may be sourced from within the Shire boundaries for inclusion in selection criteria;
- (d) 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;
- (e) avoid bias in the design and specifications for Requests for Quotation and Tenders – all Requests must be structured to encourage local businesses to bid;
- (f) consider the adoption of Key Performance Indicators (KPIs) within contractual documentation that require successful contractors to increase the number of employees from the district first; and
- (g) provide adequate and consistent information to local suppliers.

To this extent, a weighted qualitative criterion will be included in the selection criteria for Requests for Quotation where suppliers are located within the boundaries of the Shire, or substantially demonstrate a benefit or contribution to the local economy.

- (h) A local price preference of 10% shall be given to suppliers located within the Shire of Collie boundaries

3.9 Segregation of Duties

To allow for the segregation of duties and complete transparency with purchase order raising and approval, the officer that approves the purchase order must be more senior to and different from the officer that raises the purchase order.

3.10 New Suppliers

All new suppliers must be approved by a director, CEO or finance manager prior to the issue of a purchase order.

4 . EXCEPTIONS TO PROCUREMENT REQUIREMENTS

4.1 Tendering Exemptions

Procurements above the tender threshold and sourced through tender exempt supply arrangements, must be in accordance with the Regulations and the Shire's Policies and procedures.

The exemptions are set out in the Regulations and include:

- a) Pre-qualified suppliers under the WALGA Preferred Supply Program (r.11(2)(b));
- b) Suppliers under the State Government CUA or the Commonwealth or by a regional local government or another local government [r.11(2)(e)];
- c) The goods or services are to be supplied by a person registered on the Aboriginal Business Directory WA or by Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation) (subject to a maximum of \$250,000 and the Shire being satisfied as to 'value for money') [clause 11(2)(h) of the Regulations];
- d) Where the goods or services are to be supplied by an Australian Disability Enterprise and where the procurement represents value for money [r.11(2)(i);
- e) Where the contract is for petrol, oil or other liquid or gas used for internal combustion
- f) engines [r.11(2)(g)];
- g) Where the supply of goods or services is to be obtained from expenditure authorised in a local emergency under section 6.8(1)(c) of the Act [r.11(2)(a)];
- h) The supply of goods or services associated with a State of Emergency in accordance with section 11(2)(aa), (ia) and (3) of the Regulations; or
- i) Suppliers under a Panel established by the Shire [r.11(2)(k)] and procurements covered by any other exclusions under Regulation 11 of the Regulations.

4.2 Emergency Purchases

Emergency purchases are defined as the supply of goods or services associated with:

- (a) 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
- (b) 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 s.6.8 of the Local Government Act 1995 and Functions and General Regulation 11(2)(a); OR
- (c) A State of Emergency declared under the Emergency Management Act 2005 and therefore, Functions and General Regulations 11(2)(aa), (ja) and (3) apply to vary the application of this policy.

Time constraints, administrative omissions and errors do not qualify for definition as an emergency purchase. Instead, every effort must be made to research and anticipate purchasing requirements in advance and to allow sufficient time for planning and scoping proposed purchases and to then obtain quotes or tenders, as applicable.

4.3 Unique Nature of Supply (Sole Supplier)

An arrangement with a supplier based on the unique nature of the goods or services required or for any other reason, where it is unlikely that there is more than one potential supplier may only be approved where the:

- (a) purchasing requirement has been documented in a detailed specification; and
- (b) specification has been extensively market tested and only one potential supplier has been identified as being capable of meeting the specified purchase requirement; and
- (c) market testing process and outcomes of supplier assessments have been evidenced in records, inclusive of a rationale for why the supply is determined as unique and why

quotations / tenders cannot be sourced through more than one potential supplier.

Once determined, the justification must be endorsed by the relevant Director or Chief Executive Officer, prior to the contract being entered into.

An arrangement of this nature will only be approved for a period not exceeding one (1) year. For any continuing purchasing requirement, the approval must be re-assessed before expiry, to evidence that only one potential supplier still genuinely exists.

4.4 Other Exemptions

Procurement of the following of goods or services are exempt from the requirement to obtain more than one quotation provided value for money principles as outlined under part 2 of this policy are reasonably considered:

- Annual memberships and subscriptions;
- Insurance through LGIS;
- Artwork;
- Performing arts defined as forms of creative activity performed in from an audience, such as drama, music, or dance;
- Service or supply of equipment from original equipment manufacturer or sole agent thereof, where warranty provisions may otherwise be void;
- Contributions to community groups in accordance with budgeted amounts or agreements; and
- Software licensing, maintenance and support that is part of the ongoing renewal provided an assessment is undertaken and recorded to review the performance of the current software and confirm the ongoing requirements.

4.5 Discretionary Purchases (CEO, Directors and Managers)

Where the stated number of minimum quotations to be obtained cannot be achieved the decision to continue with the evaluation and selection must be documented and clearly demonstrate the achievement of value for money.

Where it is not practical to obtain multiple written and/or verbal quotations for a once off purchase, the following discretionary purchasing is permitted (prices excluding GST).

- Chief Executive Officer up to \$150,000
- Directors up to \$20,000

The request must be in writing from the relevant officer and outline the justification for purchase without multiple quotations. The written request shall be saved in the records management system and notated in the requisition system at the time of undertaking the purchase order. Information shall be readily available upon request for internal / external auditing requirements.

5. Panels of Pre-qualified Suppliers

5.1 Objectives

The Shire will consider creating a Panel of Pre-qualified Suppliers ("Panel") 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:

- (a) there are numerous potential suppliers in the local and regional procurement related market sector(s) that satisfy the test of 'value for money';
- (b) the Panel will streamline and will improve procurement processes;
- (c) The Shire has the capability to establish a Panel, and manage the risks and achieve the benefits expected of the proposed Panel through a Contract Management Plan; and
- (d) The aggregated value of work carried out by a single contractor over the course of a

financial year.

5.2 Establishing and managing a panel

If the Shire decides that a Panel is to be created, it will establish the Panel in accordance with the Regulations.

Panels will be established for one supply requirement, or a number of similar supply requirements under defined categories. This will be undertaken through an invitation procurement process advertised via a state-wide notice.

Panels may be established for a maximum of three (3) years. The length of time of a Local Panel is decided with the approval of the CEO/ Director.

Evaluation criteria will be determined and communicated in the application process by which applications will be assessed and accepted.

In each invitation to apply to become a pre-qualified supplier, the Shire will state the expected number of suppliers it intends to put on the panel.

If a Panel member leaves the Panel, the Shire will consider replacing that organisation with the next ranked supplier that meets/exceeds the requirements in the value for money assessment – subject to that supplier agreeing. Council will disclose this approach in the detailed information when establishing the Panel.

A Panel contract arrangement needs to be managed to ensure that the performance of the Panel Contract and the Panel members under the contract are monitored and managed. This will ensure that risks are managed and expected benefits are achieved. A Contract Management Plan should be established that outlines the requirements for the Panel Contract and how it will be managed.

5.3 Distributing work amongst panel members

To satisfy Regulation 24AD(5) of the Regulations, when establishing a Panel of pre-qualified suppliers, the detailed information associated with each invitation to apply to join the Panel will prescribe one of the following as to whether the Shire intends to:

- (a) obtain quotations from each pre-qualified supplier on the Panel with respect to all discreet purchases; or
- (b) purchase goods and services exclusively from any pre-qualified supplier appointed to that Panel, and under what circumstances; or
- (c) develop a ranking system for selection to the Panel, with work awarded in accordance with the Regulations.

In considering the distribution of work among Panel members, the detailed information will also prescribe whether:

- (a) each Panel member will have the opportunity to bid for each item of work under the Panel, with pre-determined evaluation criteria forming part of the invitation to quote to assess the suitability of the supplier for particular items of work. Contracts under the pre-qualified panel will be awarded on the basis of value for money in every instance; or
- (b) work will be awarded on a ranked basis, which is to be stipulated in the detailed information set out under *Functions and General Regulation 24AD(5)(f)* when establishing the Panel.
 - i. Council will invite the highest ranked Panel member, who is to give written notice as to whether to accept the offer for the work to be undertaken.
 - ii. Should the offer be declined, an invitation to the next ranked Panel member is to be made and so forth until a Panel member accepts a Contract.
 - iii. Should the list of Panel members invited be exhausted with no Panel member

accepting the offer to provide goods/services under the Panel, Council may then invite suppliers that are not pre-qualified under the Panel, in accordance with the Purchasing Thresholds stated in clause 1.4.2(2) of this Policy.

- iv. When a ranking system is established, the Panel will not operate for a period exceeding 12 months.

In every instance, a contract must not be formed with a pre-qualified supplier for an item of work beyond 12 months, which includes options to extend the contract.

5.4 Purchasing from the panel

The invitation to apply to be considered to join a panel of pre-qualified suppliers must state whether quotations are either to be invited to every Panel member (within each category, if applicable) of the Panel for each purchasing requirement, whether a ranking system is to be established, or otherwise.

5.5 Communications with panel members

The Shire will ensure clear, consistent and regular communication with Panel Members.

Each quotation process, including the invitation to quote, communications with Panel members, quotations received, evaluation of quotes and notification of award communications must all be made through the Shire's electronic Procurement system.

6. Sustainable Purchasing – Managing Social and Environmental Impacts

The Shire recognises that the procurement of goods and services that have less environmental and social impacts than competing products and services is aligned to its sustainability objectives. The Shire will endeavour to lead by example and set a high benchmark for both socially and environmentally sustainable procurement practices. Considering the environmental and social impacts in goods and services procurement will contribute towards:

- managing risk to the broader environment and local community from the purchase of goods and services;
- fostering both the development of, and a viable market for, products and processes that have positive environmental and social impact;
- undertaking procurement in a manner that is consistent with the principles of sustainability; and
- providing an example to business, industry and the community in promoting the use of low environmental and social impact goods and services.

Where appropriate, the Shire will endeavour to design quotations and tenders to provide an advantage to goods, services and/or processes that minimise negative environmental and social impact. This advantage will be commensurate with the nature of the purchasing and balanced against the Shire's value for money outcomes in accordance with its sustainability objectives.

7. Record Keeping

All Local Government purchasing activity, communications and transactions must be evidenced and retained as local government records in accordance with the *State Records Act 2000* and the Shire's Record Keeping Plan.

In addition, the Shire must consider and will include in each contract for the provision of works or services, the contractor's obligations for creating, maintaining and where necessary the transferral of records to the Shire relevant to the performance of the contract.

8. 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 Council'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 or the Finance Manager.

A failure to comply with legislation or policy requirements, including compliance with the Code of Conduct when undertaking purchasing activities, may 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:

- (a) an opportunity for additional training to be provided;
- (b) a disciplinary matter, which may or may not be subject to reporting requirements under the *Public Sector Management Act 1994*; or
- (c) 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*.

Policy adoption and review

Council meeting held:

Adopted by Minute No:

Date to be reviewed: