



POLICY NO:-
<b>CP2-004 – PROCUREMENT POLICY</b>

GOVERNANCE INFORMATION			
<b>Procedure Link:</b>	N/A	<b>Administrative Policy Link:</b>	

ADMINISTRATION INFORMATION							
<b>History</b>	1	CP2-004	OCM	10/03/26	Res: 9742	<b>Synopsis:</b>	New Policy created. Previous Policy CS323 Purchasing Policy deleted.
<b>Version:</b>	2						

**1. RESPONSIBLE DIRECTORATE**

Corporate & Community Services

**2. PURPOSE OR OBJECTIVE**

The Shire of Collie is committed to delivering the objectives, principles and practices outlined in this Policy when purchasing goods, services or works to achieve the Shire of Collie strategic and operational objectives.

This will be achieved through aspiring and working towards continuous improvement and best practice in the purchase of goods, services and works that align with the principles of transparency, probity and good governance.

Procurement processes and practices are defined within this Policy. All procurement activities undertaken by Shire of Collie must comply with this policy.

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

## **3. SCOPE**

This Policy applies to all procurement activities undertaken by Shire of Collie employees delegated authority to purchases goods and services.

## **4. POLICY**

### **4.1 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

## **4.2 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;
- (g) Providing opportunities for businesses within the Shire of Collie boundaries to quote wherever possible; and
- (h) Analysis and management of risks and opportunities that may be associated with the purchasing activity, potential supplier/s and the goods or services required.

### **4.3 Purchasing Thresholds and Practices**

#### **a. Legislative / Regulatory / Policy Requirements**

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

In accordance with the *Local Government (Financial Management) Regulations 1996* purchasing that exceeds \$250,000 in total value (excluding GST) shall be executed by public tender unless a regulatory tender exemption is utilised.

#### **b. 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.

#### **c. Purchasing Value Assessments**

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

- Exclusive of Goods and Services Tax (GST);
- 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;
- 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;
- 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.

#### **d. Procurement Plan**

A Procurement Plan assists in identifying the most appropriate tactics and actions to be followed when procuring a particular good or service based on the characteristics of the item and market and the specific needs of the Local Government.

The benefits of a carefully considered Procurement Plan include:

- Improved risk management
- Better value for money
- Improved relationships with suppliers; and
- Improved procurement decisions and results.

A Procurement Plan is to be developed whenever an Expression of Interest (EOI), Request for Tender (RFT), Invitation to Tender (ITT) or a “Tender Exempt” purchase occurs.

### e. Purchasing Thresholds

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)	Purchasing Practice Required
Up to \$4,999	<ol style="list-style-type: none"> <li>1. Purchase directly from a supplier using a Purchasing (ie: fuel, hardware, etc) or Corporate Credit Card, OR</li> <li>2. Where the Shire of Collie has an established Panel of Pre-Qualified Suppliers relevant to the required purchasing category, from the panel suppliers only in accordance with the procedures prescribed in Section 4.6, OR</li> <li>3. If no Panel of Pre-Qualified Suppliers exists for the required purchasing category, then at least one (1) verbal or written quotation must be sought from either: <ul style="list-style-type: none"> <li>• A local supplier where practical, provided value for money principles under this policy are reasonably considered.</li> <li>• If no local suitable supplier, a supplier included in the relevant WALGA Preferred Supplier Arrangement (i.e.: e-quotes); or</li> <li>• other suppliers that are accessible under another tender exempt arrangement; or</li> <li>• the open market.</li> </ul> </li> </ol>
\$5,000 to \$49,999	<ol style="list-style-type: none"> <li>1. Where the Shire of Collie has an established Panel of Pre-Qualified Suppliers relevant to the required purchasing category, one (1) written quote from the panel suppliers only in accordance with the procedures prescribed in Section 4.6, OR</li> <li>2. If no Panel of Pre-Qualified Suppliers exists for the required purchasing category, then at least two (2) written quotations must be sought from either: <ul style="list-style-type: none"> <li>• A local supplier where practical, provided value for money principles under this policy are reasonably considered.</li> <li>• If no local suitable supplier, a supplier included in the relevant WALGA Preferred Supplier Arrangement (i.e.: e-quotes); or</li> <li>• other suppliers that are accessible under another tender exempt arrangement; or</li> <li>• the open market.</li> </ul> </li> </ol>

<b>Monetary threshold of the contract value, including extension and options (exclusive of GST)</b>	<b>Purchasing Practice Required</b>
\$50,000 to \$249,999	<ol style="list-style-type: none"> <li>1. Where the Shire of Collie has an established Panel of Pre-Qualified Suppliers relevant to the required purchasing category, one (1) written quote from the panel suppliers only in accordance with the procedures prescribed in Section 4.6, OR</li> <li>2. If no Panel of Pre-Qualified Suppliers exists for the required purchasing category, then at least three (3) written quotations must be sought from either: <ul style="list-style-type: none"> <li>• A local supplier where practical, provided value for money principles under this policy are reasonably considered.</li> <li>• If no local suitable supplier, a supplier included in the relevant WALGA Preferred Supplier Arrangement (i.e.: e-quotes); or</li> <li>• other suppliers that are accessible under another tender exempt arrangement; or</li> <li>• the open market.</li> </ul> </li> </ol>
\$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>
\$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>

### Purchasing Thresholds Summary Table:

Purchasing Thresholds (ex GST)	Purchasing Practice Required			
<b>Up to \$4,999</b>	No quote required from a pre-qualified supplier <u>OR</u> 1 verbal or written quotes from other suppliers			
<b>\$5,000 - \$49,999</b>		1 written quote from a pre-qualified supplier <u>OR</u> 2 written quotes from other suppliers		
<b>\$50,000 - \$249,999</b>			1 written quote from a pre-qualified supplier <u>OR</u> 3 written quotes from other suppliers.	
<b>Above \$250,000</b>				A Procurement Plan is to be developed. Tender <u>OR</u> 3 quotes from a tender exempt panel. Quotation or Tender Evaluation Report required.

**Note – Inviting Tenders though not required to do so:**

The Shire of Collie may determine to invite Public Tenders, despite the estimated Purchasing Value being less than the \$250,000 threshold. This decision will be made after considering the benefits of this approach in comparison with the costs, risks, timeliness, compliance requirements, and whether the purchasing requirement can be met through a pre-qualified panel of suppliers including WALGA Preferred Supply Contracts and (where permitted) State Government Agreements.

If a decision is made to seek public tenders for contracts of less than \$250,000, a Request for Tender process entailing all the procedures for tendering outlined in Council procedures must be followed in full.

#### **f. 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 and Purchasing Cards;
- ix. Credit card balance payments at bank;
- x. Where a service agreement is in place;
- xi. Vehicle licenses, registrations, transfer fees; and
- Xi Eligible staff reimbursements authorised by the Director or CEO.

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

#### **g. 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.

Utilising rolling contract extensions at the end of a contract term without properly testing the market or using a Tender exempt arrangement, will not be adopted as this would place this Local Government in breach of the Regulations (Regulation 12).

#### **h. 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.

**i. 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:

- The variation is necessary in order for the goods or services to be supplied and does not change the scope of the contract; or
- 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.

**j. 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:

- Unable to sufficiently scope or specify the requirement;
- There is significant variability for how the requirement may be met;
- 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;
- Subject to a creative element; or
- 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.

**k. 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:

- consider buying practices, procedures and specifications that encourage the inclusion of local businesses and the employment of local residents;
- consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
- 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;
- explore the capability of local businesses to meet requirements of Requests for Quotation and Tenders are designed to accommodate the capabilities of local businesses;

- avoid bias in the design and specifications for Requests for Quotation and Tenders – all Requests must be structured to encourage local businesses to bid.

#### **l. 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.

#### **m. New Suppliers**

All new suppliers must be approved by a Director, CEO or Finance Manager prior to the issue of a purchase order.

### **4.4 EXCEPTIONS TO PROCUREMENT REQUIREMENTS**

#### **4.4.1 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:

- Pre-qualified suppliers under the WALGA Preferred Supply Program (r.11(2)(b));
- Suppliers under the State Government CUA or the Commonwealth or by a regional local government or another local government [r.11(2)(e)];
- 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];
- 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)];
- Where the contract is for petrol, oil or other liquid or gas used for internal combustion engines [r.11(2)(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)];
- 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
- 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.

#### **4.4.2 Emergency Purchases**

Emergency purchases are defined as the supply of goods or 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 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.

#### **4.4.3 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.

#### **4.4.4 Other Exemptions**

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

- i. The purchase is under public auction which has been authorised by Council;
- ii. The purchase is for fuel, oil, or other liquid, electricity or gas used for internal combustion engines;
- iii. Non-bulk fixed price retail grocery, alcohol and sundry hardware products sourced off the shelf from retail stores that are open to the public. It is considered that the non-negotiable pricing together with strong competition within the grocery and hardware sector is sufficient to provide best pricing.
- iv. The purchase is for utilities (ie: water, electricity, gas), legal fees, human resource services and recruitment, or insurance services through LGIS;
- v. Software Support / Licences / Renewals / Maintenance contracts for the provision, licensing, annual renewal, annual lease payment, maintenance or support of information technology hardware or software where:
  - the value of the contract is less than or equal to \$250,000; and
  - the responsible officer has good reason to believe that because of the unique nature of the software support and maintenance required, or for any other reason, it is unlikely that there is more than one potential supplier.

- vi. Annual memberships and subscriptions;
- vii. Artwork;
- viii. Performing arts defined as forms of creative activity performed in from an audience, such as drama, music, or dance;
- ix. Service or supply of equipment from original equipment manufacturer or sole agent thereof, where warranty provisions may otherwise be void;
- x. Contributions to community groups in accordance with budgeted amounts or agreements;
- xi. Shire of Collie Panel of Pre-Qualified Suppliers where the value is less than or equal to \$5,000;
- xii. Any of the other exclusions under Regulation 11 of the Functions and General Regulations apply.

#### **4.4.5 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.

## **4.5 Panels of Pre-qualified Suppliers**

### **4.5.1 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.

#### **4.5.2 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.

#### **4.5.3 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.

#### **4.5.4 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.

#### **4.5.5 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.

#### ***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.

#### **4.6 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.

#### **4.7 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 Director Corporate Services.

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*.

#### **5. REFERENCE DOCUMENTS**

*Local Government Act 1995*, Section 2.7(2)(a)&(b) and Section 6.5(a),  
*Local Government (Financial Management) Regulations 11(1)(a) – 24(aj)*,  
*Local Government Act (Functions and General) Regulations, 1996* (as amended).