

PROCUREMENT POLICY

Policy Statement

The Town of Mosman Park's purchasing procedures and practices ensure goods and services are obtained in an equitable and transparent manner that complies with the *Local Government Act 1995* and Part 4 of the Local Government (Functions and General) Regulations 1996 and delivers value for money. The Town's Procurement Policy is based on general principles for good practice and considers the size and demographic of Mosman Park.

1. Policy Objectives

To achieve value for money, transparency, fairness and equity in the procurement of goods and services for the Town of Mosman Park. To ensure the Town encourages support for Mosman Park residents and businesses whilst considering sustainability.

1.1 Value for Money

Achieving value for money at the individual purchase level requires that in its assessments, the Town considers cost and non-cost factors, where relevant, and makes a value judgement about the best outcome. The value for money test may vary in complexity depending on the nature of the purchase, ranging from a simple price assessment for low value highly commoditised goods or services, through to a detailed assessment and comparison of cost and non-cost factors (e.g. lifecycle costs, fit for purpose, technical and financial issues, supplier capability, sustainability, risk exposures, availability of maintenance service and support, compliance with specifications, ease of inspection communication and delivery).

The assessment of cost needs to consider any ongoing costs that may accrue beyond the initial price, including the associated costs of holding, using, maintaining and disposing of the goods or services.

1.2 Sustainability

The Town is committed to implementing sustainable procurement by preferring suppliers that demonstrate sustainable business practices (social advancement, environmental protection and local economic benefits).

The Town will apply Sustainable Procurement criteria as part of the value for money assessment to ensure that wherever possible our suppliers demonstrate outcomes which contribute to improved environmental, social and local economic outcomes.

1.3 Local Economic Improvement

Where possible, Mosman Park's local businesses and those bordering Mosman Park, are to be given the opportunity to quote for goods and services required by the Town.

2. Policy Principles

The Town is responsible and accountable for its decisions and procurement outcomes.

All Town officers and employees undertaking procurement-related activities must observe the highest standards of ethics, integrity, fairness and accountability.

Elements of an ethical procurement culture that promotes and demonstrates high standards of probity include the following:

- expected behaviours are articulated and enforced through the Town’s Code of Conducts;
- officers involved are skilled, knowledgeable and experienced;
- appropriate checks and balances are in place at various stages in the procurement process;
- the obligation to disclose conflicts of interest is well understood and processes are in place to identify and manage potential issues;
- communication with suppliers is consistent and does not disadvantage or advantage one supplier over others;
- officers are not compromised in their ability to act, or to be seen to act, impartially;
- confidentiality and appropriate security over supplier information and the evaluation processes;
- councillors do not engage with suppliers regarding procurement. Enquiries are directed to the Chief Executive Officer; and
- the Town does not engage in Anti-Avoidance when procuring.

3. Procurement Requirements

3.1 Purchasing from Existing Contracts

Where the Town has an existing exclusive contract in place, it must ensure that goods and services required are purchased under these contracts to the extent that the scope of the contract allows. When planning a purchase, officers must check the Contracts Register before obtaining quotes and tenders.

3.2 Panels of Pre-Qualified Suppliers

The Town may establish Panels of Pre-qualified Suppliers (Panels) in instances where goods or services are required on a continuing basis and there are multiple suppliers that satisfy the test of ‘value for money’.

- (a) Panels will be established in accordance with the provisions of Part 4, Division 3 of the Local Government (Functions and General) Regulations 1996.
- (b) Panels may be established for one supply requirement, or a number of similar supply requirements under defined categories within the Panel.
- (c) A panel shall be established with not less than two members.
- (d) Panels shall not be established for a term exceeding three years.
- (e) The invitation to join the Panel advertised through state-wide notice will contain the following:
 - a brief description of the goods or services that the members of the Panel of prequalified suppliers will be expected to supply;
 - the term of the Panel;
 - the evaluation criteria by which applications will be assessed; and
 - notification that work will be distributed amongst Panel members evenly via an invitation to all to provide quotations for each project or an alternative process that is appropriate for the Panel.

All submissions will be evaluated and ranked in accordance with the terms and conditions of the invitation and based on the information provided in each Offer. All communications will be record managed in accordance with the *State Records Act 2000*.

3.3 Exemptions

It may be necessary to vary from compliance with this Policy in circumstances where:

- a. there is a need to engage short term staff to relieve existing staff on leave;
- b. there is a requirement for a specialised legal service;
- c. the services required rely on intellectual property accrued by a person or organisation that has undertaken previous work for the Town;
- d. the need to undertake a new procurement process or commission and implement a new system would be more expensive than changing suppliers to renew software; maintain printers; or enter into new service agreements in cases where the Town's needs are already being adequately met; and
- e. subscriptions are renewed to organisations such as WALGA or authorised employee member services (e.g. Local Government Professionals) for matters such as conference attendance, training, insurance etc.

Any exemption purchase must be submitted for approval on an exemption form and attached to the Request for Quotation (RFQ).

Exemption requests will only be approved for one (1) year. Approval must be obtained before expiration of this time to assess if the exemption should still apply.

3.4 Emergency Purchases

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

- (a) A local emergency where 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 Reg 11(2)(a) of the Local Government (Functions and General) Regulations 1996; or
- (c) A State of Emergency is declared under the Emergency Management Act 2005 and therefore, Regs 11(2)(aa), (ja) and (3) of the Local Government (Functions and General) Regulations 1996 apply.

3.5 Sole Source of Supply

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:

- purchasing value is estimated to be over \$5,000; and
- purchasing requirement has been documented in a detailed specification; and
- specification has been extensively market tested and only one potential supplier has been identified as being capable of meeting the specified purchase requirement; and
- market testing process and outcomes of supplier assessments have been documented, inclusive of a rationale for why the supply is determined as unique and cannot be sourced through more than one supplier.

For the avoidance of doubt, the following are determined as examples of sole suppliers:

- Utility providers e.g. Synergy, Alinta, Water Corporation;
- Australia Post; and
- Any State or Commonwealth agency.

Sole source of supply exemption requests will only be approved for one (1) year. Approval must be obtained before expiration of this time to assess if the exemption should still apply.

3.6 Record Keeping

All records arising from any purchasing activity including all quotes received and all purchases made must be saved and retained in compliance with the Town's obligations under the *State Records Act 2000* and as detailed within the Town's Procurement Procedures.

DEFINITIONS

Anti-Avoidance means Regulation 12 of the Local Government Act (Functions and General) Regulations 1996 applies. The Town shall not enter into two or more contracts or create multiple purchase order transactions of a similar nature for the purpose of "splitting" the value of the purchase or contract to take the value of the consideration of the purchase below a particular purchasing threshold, particularly in relation to Tenders and to avoid the need to call a public Tender.

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

Emergency Purchases are unanticipated purchases required in response to an emergency as defined in the *Local Government Act 1995*. In such instances, quotes cannot be obtained prior to a purchase. An emergency purchase is not one that is needed due to lack of time available to follow the policy. Every effort must be made to allow enough time to undertake a procurement process that is in accordance with the policy.

Procurement Procedure means detailed procedures that provide officers with a 'how to' guide and framework for purchasing items. This includes all exemptions, templates and record management requirements. These procedures are created in accordance with the requirements of the Local Government (Functions and General) Regulations 1996.

Purchase Value means price that is **exclusive of Goods and Services Tax (GST)**; includes the actual or expected value of a contract over the full contract period, including all options to extend; or the extent to which it could be reasonably expected that the Town will continue to purchase a particular category of goods, services or works and what total value over a three year period is or could be reasonably expected to be purchased; and incorporates any variations to the original value of the purchase and be limited to a 10% tolerance of the original purchasing value.

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

Tender Exemption means where any of the circumstances apply as set out in Regulation 11 (2) of the Local Government (Functions and General) Regulations 1996 and extends to a unique supplier or an emergency situation as defined by the *Local Government Act 1995*; or where the purchase is from a prescribed tender-exempt organisation such as WALGA (Preferred Supplier Contracts or Business Services); the Department of Treasury and Finance (permitted Common Use Arrangements); regional local governments or other local governments; where the purchase is under

auction that has been authorised by Council; or purchases of petrol, oil, or other liquid or gas used for internal combustion engines; or a registered Aboriginal Business or Australian Disability Enterprise.

Value for Money means consideration of quality standards, sustainability, life cycle costing including costs that may accrue beyond the initial price, costs of ownership, risk, availability of maintenance, service and support, including the related transaction costs associated with acquisition and disposal, so as to ensure the best outcome for the Town.

WALGA Preferred Supplier Program has suppliers that have been pre-qualified under relevant categories and service arrangements for access by its members.

ATTACHMENT 'A'

PROCUREMENT QUOTATION AND TENDERING REQUIREMENTS

The Purchase Value determines the purchasing requirement to be applied to the Town's purchasing activities.

Purchase Value Threshold	Purchasing Requirement
Under \$5,000	<p>Number of quotes: One verbal or one written quotation only required</p> <p>Please ensure to regularly test the market. Purchase directly from a supplier using either:</p> <ul style="list-style-type: none"> • <u>Petty cash</u> < \$50 • <u>Purchase Order</u> • <u>Corporate Purchasing Card</u> as authorised for use by the CEO <p>Suitable suppliers:</p> <ul style="list-style-type: none"> ▪ Existing contract/Panel ▪ Open market; or ▪ Via WALGA Preferred Supplier Program; or ▪ State Government Common Use Arrangement (CUA) <p>Minimum Assessment: One officer</p>
Purchase Value Threshold	Purchasing Requirement
From \$5,001 to \$50,000	<p>Number of quotes and suitable suppliers:</p> <p>(a) Open market – three written quotes required; or (b) WALGA Preferred Supplier Program – one written quote; or (c) State Government Common Use Arrangement (CUA) – one written quote</p> <p>Confirmed via Purchase Order.</p> <p>The purchasing decision is to be based upon assessment of the supplier's response to:</p> <ul style="list-style-type: none"> • a brief outline of the specified requirement for the goods; services or works required; and • Value for Money criteria. <p>The procurement decision is to be represented using the Brief Evaluation Report Template as part of the Town's Procurement Procedure.</p>
Purchase Value Threshold	Purchasing Requirement
From \$50,001 to \$250,000	<p>Number of quotes: At least three written quotes required from ALL suitable suppliers.</p> <p>Confirmed via Purchase Order.</p>

	<p>The purchasing decision is to be based upon assessment of the suppliers response to:</p> <ul style="list-style-type: none"> • a detailed written specification of the goods, services or works required; and • pre-determined evaluation criteria that assesses all best and sustainable value considerations. The procurement decision must be represented using the Evaluation Report template and an evaluation panel <p>Suitable suppliers:</p> <ul style="list-style-type: none"> (a) Existing contract (b) Open market; or (c) Via WALGA Preferred Supplier Program; or (d) State Government Common Use Arrangement (CUA) <p>Approval of Purchase: The CEO who has a delegated purchasing limit of \$250,000.</p>
<p>Over \$250,000</p>	<p>Tender Exempt arrangements (e.g. WALGA Preferred Supplier Program, CUA or other Tender Exemption under Reg 11(2) Local Government (Functions and General) Regulations 1996 requires at least three (3) written responses from suppliers by invitation under a formal Request for Quotation.</p> <p><u>OR</u></p> <p>Public Tender undertaken in accordance with the <i>Local Government Act 1995</i> and Regulations and the Town’s Policy and procedures.</p> <p>The Tender Exempt or Public Tender purchasing decision is to be based on the supplier’s response to:</p> <ul style="list-style-type: none"> • A detailed specification; and • Pre-determined selection criteria that assesses all best and sustainable value considerations. <p>The purchasing decision is to be evidenced using the Evaluation Report template retained in accordance with the Town’s Procedures.</p> <p>The Local Government (Functions and General) Reg 14 is to be applied in relation to all tenders that are publicly invited.</p> <p>Record: All quotes and details related to purchases made are to be record managed as per Reg 14 of the Local Government (Functions and General) Regulations 1996.</p>
<p>Emergency Purchases</p>	<p>Purchasing Requirement</p>
<p>Emergency Purchases (Within Budget) Refer Clause 3.4</p>	<p>Where goods or services are required for an emergency response and are within scope of an established existing contract, the emergency supply must be obtained from existing contract using relevant budgeted funds.</p> <p>However, where a contracted or tender exempt supplier is unable to provide the emergency supply <u>OR</u> compliance with this Purchasing Policy would cause unreasonable delay, the supply may be obtained from any supplier capable of providing the emergency supply. However, an emergency supply is only to be</p>

	<p>obtained to the extent necessary to facilitate the urgent emergency response and must be subject to due consideration of best value and sustainable practice.</p> <p>The rationale for policy non-compliance and the purchasing decision must be evidenced in accordance with the Town's Procedures.</p>
<p>Emergency Purchases (No Budget allocation available)</p> <p>Refer Clause 3.4</p>	<p>Where no relevant budget allocation is available for an emergency purchasing activity then, in accordance with s.6.8 of the <i>Local Government Act 1995</i>, the Mayor must authorise, in writing, the necessary budget adjustment prior to the expense being incurred.</p> <p>The CEO is responsible for ensuring that an authorised emergency expenditure under s.6.8 is reported to the next Ordinary Council Meeting.</p> <p>The purchasing practices prescribed for Emergency Purchases (within budget) above, then apply.</p>

Governance References

Statutory Compliance	<p><i>Emergency Management Act 2000</i></p> <p><i>Local Government Act 1995</i></p> <p><i>Local Government (Functions and General) Regulations 1996</i></p> <p><i>State Records Act 2000</i></p>
Organisational Compliance	<p>Promapp Purchasing Procedure</p> <p>Corporate Purchasing Cards Policy</p>

Policy Administration

Directorate:		Officer title:
Finance		
Next Review		Review Cycle
April 2023		2 years or in accordance with Statutory updates
Version	Date	Ref
2	27 August 2013 OCM-222-2013	CP002.1
3	25 August 2014 OCM	CP002.1
4	27 September 2016 OCM-406-2016	CP002.1
5	17 October 2017 OCM-172-2017	CP002.1
6	27 March 2018 OCM-045-2018	CP002.1
7	26 May 2020 OCM OCM-064-2020	CP002.1
8	27 April 2021 OCM-059-2021	CP002.1