

## COUNCIL POLICY

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### Purchasing Policy

<b>Policy No:</b>	2.5
<b>Policy Subject:</b>	Purchasing
<b>Preamble:</b>	The Shire of Katanning (the “Shire”) is committed to purchasing Goods and/or Services, and/or Works in compliance with this Policy.
<b>Policy Statement:</b>	The Shire is committed to establishing efficient, effective, economical and sustainable procedures in all purchasing activities. This Policy must be read/adopted in accordance with the requirements of the Procurement Procedures Manual, which will cover further and comprehensive details, practices and the operational requirements for the relevant Policy item.
<b>Objectives:</b>	<p>In carrying out its purchasing activities, the Shire will:</p> <ol style="list-style-type: none"><li>i. ensure compliance with the <a href="#">Local Government Act 1995</a> (the “Act”);</li><li>ii. deliver best Value for Money outcomes;</li><li>iii. ensure sustainable benefits, such as environmental, social and local economic factors (including maximising participation of local businesses) are considered in the overall Value for Money assessment;</li><li>iv. ensure the use of equitable competitive processes and the engagement of potential suppliers impartially, honestly and consistently;</li><li>v. ensure probity and integrity, including the avoidance of bias and of perceived and actual conflicts of interest;</li><li>vi. ensure that risks are identified and managed as outlined in the Shire’s Risk Management Policy and related documents;</li><li>vii. ensure that records are created and maintained to evidence purchasing activities in accordance with the State Records Act and the Shire’s internal Record Keeping Policy; and</li><li>viii. ensure that confidentiality protocols are established and adhered to so as to protect commercial-in-confidence information with release of information where appropriately approved.</li></ol>
<b>Ethics &amp; Integrity:</b>	The Shire’s Code of Conduct applies when undertaking purchasing activities and decision making.

**Purchasing Policy Non-Compliance:** The Purchasing Policy is mandated under the Act & Regulations and non-compliance therefore represents a breach of the Act & Regulations.

**Threshold Levels and Requirements:** The adoption of these threshold levels shall be carried out in conjunction with the supply order of priority requirements outlined in the Procurement Procedures Manual.

Where the value of procurement (excluding GST) for the Contract over the full contract period\* (including options to extend) is, or is expected to be:

Threshold Level (ex GST)	Requirements
Up to \$10,000	Seek at least one verbal or written quotation from a suitable supplier.
\$10,001 to \$25,000	Seek at least 2 written quotes (executive manager to sign-off where only one quote is obtained or CEO if quote was directly requested by the relevant executive manager).
\$25,001 to \$250,000	Seek at least 3 written quotes (CEO to sign-off where less than 3 written quotes are obtained).
More than \$250,000	Conduct a public tender or other public procurement process; or Seek at least three (3) quotations from an appropriate exempt arrangement.

\* The “contract period” can mean “a one-off purchase” or “a pre-defined period”.

A similar process must be followed for other public procurement processes such as Expressions of Interests or Request for Proposal.

Sign off by an executive manager, with delegated authority or the CEO, where the target number of written quotes has not been obtained, is to take into account whether the staff member proposing the purchase has taken sufficient steps to acquire the target number or written quotes, whether the offer/s obtained represent reasonable value for money and to satisfy themselves that no fraudulent activity has occurred.

**Exempt Provisions:** The most common exempt provision from a public procurement process are:

1. WALGA Preferred Supply Arrangements;
2. Goods and services or works obtained through State, Commonwealth or other Local Government arrangement;
3. Goods and services or works as a result of an emergency provision;
4. Where there is a genuine sole source of supply;
5. Where the goods to be supplied are petrol or oil (lubricant); or any other liquid, or gas, used for internal combustion engines;
6. Goods, services or works supplied through an Australian Disability Enterprise;
7. The contract is for a renewal or extension of an existing contract; or
8. For LGIS services.

<b>Sole Source Supply:</b>	The procurement of Goods and/or Services, and/or Works available from only one private sector source of supply, (i.e. manufacturer, supplier or agency) is permitted without the need to call competitive quotations provided that there must genuinely be only one source of supply.
<b>Emergency Provision:</b>	<p>An emergency purchase is defined as an unanticipated purchase which is required in response to an emergency situation as provided for in the Act. In such instances, quotes and tenders are not required to be obtained prior to the purchase being undertaken.</p> <p>Time constraints are not a justification for an emergency purchase. Every effort must be made to anticipate purchases in advance and to allow sufficient time to obtain quotes and tenders, whichever may apply.</p>
<b>Obtaining Quotations:</b>	Written quotations will be obtained in accordance with the steps outlined in the Procurement Procedures Manual.
<b>Selection Criteria</b>	<p>Sustainability will be included as a qualitative assessment element for all purchases above \$25,000 (ex GST).</p> <p>Price consideration will not be weighted as part of the evaluation process. Price will be considered separate to non-price selection criteria and a Value for Money assessment will take a balanced view between price and non-price considerations.</p>
<b>Anti-Avoidance:</b>	The Shire will not conduct multiple purchasing activities with the intent (inadvertent or otherwise) of "splitting" the purchase value or the contract value, avoiding a particular purchasing threshold or the need to call a public tender.
<b>Probity Experts:</b>	<p>Probity experts ensure a transparent and fair procurement process and to achieve best Value for Money. An independent person may be appointed to act as a probity expert as outlined in the Procurement Procedures Manual.</p> <p>The decision to appoint a probity expert will be at the complete discretion of the Chief Executive Officer.</p>
<b>Contract Management:</b>	All Shire Contracts will be managed during their lifecycle by the responsible officer in accordance with good contract management practices and consistent with the procedures outlined in the Procurement Procedures Manual.
<b>Notification of Outcome:</b>	<p>Each tenderer or respondent to a public procurement process shall be notified in accordance with the procedures outlined in the Procurement Procedures Manual.</p> <p>Each unsuccessful respondent shall be offered a debrief on their response to the procurement process.</p>

**Engaging Contracted Suppliers:** A properly completed “Purchase Order” must be issued to the contracted supplier as part of the engagement process.

**Sponsorship and Trials:** Sponsorship for events and trials by current and prospective suppliers must undergo a similar process to that required for sourcing of goods and services, and/or works. Threshold levels as outlined above would apply as would other elements of this Policy.

**Other Procurement Processes:** Other procurement processes include Expressions of Interest and Request for Proposal. In both cases, similar rules to a Request for Tender apply and they should be conducted in accordance with the requirements outlined in the Procurement Procedures Manual.

**Value for Money Consideration:** The Shire will apply Value for Money principles when assessing purchasing decisions and acknowledges that the lowest price may not always be the most advantageous. The Value for Money consideration will be applied for all threshold levels of purchase.

**Sustainable Procurement:** Sustainable procurement is defined as the procurement of goods and services, and/or works that has the most positive environmental, social and local economic impacts possible over the entire life cycle of a product or services.

The Shire is committed to implementing sustainable procurement where appropriate, by providing a preference to suppliers that demonstrate sustainable business practices (social advancement, environmental protection, local economic benefits and good governance).

**Regional Price Preference:** This policy is to be read in conjunction with Council Policy – Buy Locally – Regional Price Preference which outlines the circumstances and criteria where a regional price preference shall be applied.

**Purchasing from Aboriginal Businesses:**

The Shire will support the purchasing of requirements from Aboriginal businesses. This will be in accordance with the requirements outlined in the Procurement Procedures Manual.

**Purchasing from Australian Disability Enterprises:**

The Shire will support the purchasing of requirements from Australian Disability Enterprises. This will be in accordance with the requirements outlined in the Procurement Procedures Manual.

**Environmental Sustainability:**

The Shire will adopt an approach to procurement that supports sound environmental considerations in its purchasing activities.

**Panels of Pre-Qualified Suppliers:**

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.

The Panel will be established in accordance with the Regulations and requirements outlined in the Procurement Procedures Manual.

**Records Management:**

All purchasing activity including for competitive procurement and direct purchase processes, communications and transactions must be evidenced and retained as Shire records in accordance with the State Records Act 2000 and the Shire's internal Records Management Policy.

**Review:**

This policy is to be reviewed every two years, review by date June 2024.

<b>Resolution No:</b>	Ordinary Council	OC71/24
<b>Resolution Date:</b>	26 June 2024	
<b>Amended:</b>	25 June 2009	OC157/09
	23 September 2009	OC43/10
	23 February 2011	OC292/11
	27 April 2011	OC331/11
	25 October 2011	OC29/12
	23 November 2011	OC58/12
	14 December 2011	OC78/12
	27 June 2012	OC173/12
	25 July 2012	OC198/12
	24 July 2013	OC86/13
	25 September 2013	OC112/13
	22 October 2014	OC106/14
	26 February 2015	OC7/15
	23 September 2015	OC96/15
	24 November 2015	OC120/15
	27 September 2016	OC108/16
	27 March 2018	OC29/18
	24 March 2020	OC33/20
	26 May 2020	OC46/20
	27 July 2021	OC85/21
<b>Source:</b>	Finance & Administration	
<b>Review Responsibility:</b>	Executive Manager Corporate Services	
<b>Due for Review:</b>	June 2026	