

Policy Title: Purchase of Goods and Services

Policy Statement:

To ensure that goods and services are purchased competitively in accordance with the Local Government Act and associated regulations.

Policy Procedure:

The following requirements shall be observed before entering into a contract or placing an order for the purchase of goods or services:

1. Goods or services not exceeding \$1,999 (excluding GST)

No quotations are required to be obtained however it is recommended that at least two (2) verbal quotations be obtained, where possible. Periodic market testing with a greater number or more formal forms of quotation should be undertaken to ensure best value is maintained.

Notes: The general principles for obtaining verbal quotations are:

- a. Ensure that the requirements/specifications are clearly understood by the person seeking the quotation.
- b. Ensure that the requirements/specifications are clearly, accurately and consistently communicated to each of the suppliers being invited to quote.
- c. Read back the details to the supplier contact person to confirm their accuracy.
- d. Written notes detailing each verbal quotation must be recorded.

2. Goods and services between \$2,000 and \$4,999 (excluding GST).

At least three (3) verbal or written quotations (or a combination of both) are required. Where this is not practical, e.g. due to limited suppliers, an explanation must be noted on the purchase requisition form.

Notes: Refer to (1) above for details on obtaining verbal quotes.

The general principles relating to written quotations are:

- a. An appropriately detailed specification that communicates the requirement(s) in a clear, concise and logical fashion.
- b. The request for a written quotation should include as a minimum:
 - (i) Written specification
 - (ii) Price Schedule
 - (iii) Any conditions relating to the submission of the quotation.
 - (iv) The period or date until which the offer remains valid.
- c. Invitations to quote should be separately issued to suppliers at the same time.
- d. Any subsequent new or amended requirements for the goods or service during the quotation period must be communicated to all invitee suppliers as soon as the new or amended requirement is determined. Such communication must be made to all invitee suppliers at the same time and if made verbally, confirmed in writing (email, fax, letter) immediately thereafter.
- e. Responses should be assessed for compliance, in order:
 - (i) against the selection criteria, and
 - (ii) value for money.All evaluations must be documented.

- f. Invited suppliers should be advised of the outcome of their quotations as soon as possible after the final determination is made and approved.

3. Goods or services between \$5,000 and \$69,999 (excluding GST)

At least three (3) written quotes are required.

Note: Refer to (2) above for details on obtaining written quotes.

4. Goods or services between \$70,000 and \$249,999 (excluding GST).

At least three (3) written quotes are required.

Note: In addition to the requirements for obtaining written quotes detailed in (2) above, qualitative factors such as quality, stock availability, accreditation, time for completion or delivery, warranty conditions, technology, maintenance requirements, the organisation's capability, previous relevant experience and any other relevant factor should be considered as part of the assessment.

An evaluation panel consisting of at least three members shall be established prior to the advertising for goods or services. The panel should include a mix of skills and experience relevant to the nature of the purchase.

Where it is considered beneficial, Tenders may be called in lieu of seeking quotations for purchases under the \$250,000 threshold (excluding GST). If a decision is made to seek public Tenders for the Contracts of less than \$250,000, a Request for Tender process that entails all the procedures for Tendering outlined in this procedure must be followed in full.

The procurement of goods and/or services available from only one private sector source of supply (Monopoly Supplier), (i.e. manufacturer, supplier or agency) is permitted without the need to call competitive quotations provided that there is genuinely only one source of supply. Every endeavour to find alternative sources must be made. Written confirmation of this must be kept on file for later audit.

Note: Variations to purchase order may be approved where the value is minor and where the services being provided are difficult to estimate due to labour services and or similar/alternative products are agreed. A minor valuation must be within 5% of the original value and must not exceed \$250,000.

Note: The application of "sole source of supply" provision should only occur in limited cases and procurement experience indicates that generally more than one supplier is able to provide the requirements.

5. Goods or services over \$250,000 (excluding GST).

The following minimum requirements must be met:

a. **Anti-Avoidance**

Officers shall not divide a Tender or quotation for goods or services into two or more contracts for the purpose of reducing each component contract to below \$250,000.

b. **Tender Criteria**

The officer authorised to manage a public Tender shall, before Tenders are publicly invited, determine in writing the criteria and criteria weightings for deciding which Tender should be accepted.

Criteria weightings will be determined with reference to the complexity and nature of the specific goods or services being tendered for.

An evaluation panel consisting of at least four members shall be established prior to the advertising of a Tender and include a mix of skills and experience relevant to the nature of the purchase.

c. Advertising Tenders

Publicly inviting tenders, requirements:

- (i) To remain open for at least 14 **full** days after the date the Tender is advertised.
- (ii) Statewide public notice, to include:
 - a. Publication on the MRC official website;and at least 3 of the following:
 - b. publication in a newspaper circulating generally in the State, preferably on a Wednesday or Saturday;
 - c. publication in a newspaper circulating generally in the district;
 - d. publication in 1 or more newsletters circulating generally in the district;
 - e. circulation by the MRC by email, text message or similar electronic means;
 - f. exhibition on the MRC notice board;
 - g. posted on the MRC social media account by the MRC administration.
- (iii) A brief description of the goods and services required;
- (iv) Information as to where and how Tenders may be submitted;
- (v) The date and time after which Tenders cannot be submitted;
- (vi) Particulars identifying the person from whom more detailed information on the Tender may be obtained;
- (vii) Such information as the CEO decides should be disclosed to those interested in submitting a Tender;
- (viii) Detailed specifications of the goods and services required;
- (ix) The criteria for deciding which Tender should be accepted;
- (x) Whether or not the MRC has decided to submit an in-house Tender; and
- (xi) Whether or not Tenders can be submitted by facsimile or other electronic means, and if so, how Tenders may so be submitted.

Where the CEO has prepared a list of acceptable Tenders under the regulations, instead of giving Statewide public notice the CEO is required to give notice of the invitation to each acceptable tenderer listed. All other requirement under section C of the procedure still to be adhered to.

d. Issuing Tender Documentation

The issuing of Tender documentation, whether by counter, mail, internet, referral or other means, to an interested potential Tenderer is conditional upon the potential Tenderer disclosing the name, contact person and contact details of the entity he or she owns or represents.

These details must be recorded and will be used for the purpose of any subsequent clarifications, addendums or further communication that may be required prior to the close of the Tenders.

The Council reserves the right to charge a non-refundable 'documents fee' for large construction projects comprising voluminous specifications and design drawings.

e. **Tender Deadline**

A Tender that is not received in full and/or in the required format by the advertised closing time and date shall be disqualified and will not be evaluated.

f. **Opening of Tenders**

All Tenders may be received electronic or hard copies, as per the requirements stated in the Tender documents.

No Tenders are to be removed from the Tender box, opened, read or evaluated prior to the Tender Deadline.

Tenders are to be opened in the presence of the Chief Executive Officer's delegated nominee along with at least one other Council Officer. The details of all Tenders received and opened shall be recorded in the Tenders Register.

Tenders are to be opened in accordance with the advertised time and place. There is no obligation to disclose or record Tendered prices at the Tender opening, and price information should be regarded as *commercial-in-confidence* to the MRC. Members of the public are entitled to be present at opening of Tenders.

For Tenders received in hard copy, the Tenderer's Offer Form, Price Schedule and other appropriate pages from each Tender shall be date stamped and initialled by at least two MRC Officers present at the opening of Tenders.

g. **No Tender Received**

Where the MRC has invited Tenders but no compliant submissions were received, direct purchases can be arranged on the basis of the following:

- (i) A sufficient number of quotations are obtained;
- (ii) The process follows the guidelines for seeking quotations between \$70,000 and \$249,999 (listed above);
- (iii) The specification for goods and/or services remains unchanged;
- (iv) Purchasing is arranged within six (6) months of the closing date of the lapsed Tender.

h. **Tender Evaluation Panel**

A minimum of four members should be selected for the panel. The members are to be selected based on their knowledge of the subject matter being considered or based on their contract experience.

Each member of the panel is to sign a declaration acknowledging their responsibility to keep the Tender information confidential and noting any potential conflicts of interest that they may have.

Where a member has a significant conflict of interest, they are to be excused from the panel and replaced by another suitable member.

i. **Tender Evaluation**

Each Tender that has not been disqualified shall be assessed by a Tender evaluation panel. The panel must provide a written evaluation against the pre-determined criteria.

j. **Addendum to Tender**

If, after a Tender has been publicly advertised, any changes, variations or adjustments to the Tender document and/or the conditions of Tender are required, the MRC may vary the initial information by taking reasonable steps to give each person who has sought copies of the Tender documents notice of the variation.

k. **Variation of Contract**

(1) **Minor Variation**

If after the Tender has been publicly advertised and a successful Tenderer has been chosen, but before the MRC and Tenderer have entered into a Contract, a minor variation may be authorised by the CEO. A minor variation is deemed to be one where the scope and price does not vary by more than 10% of the original scope and price. Variations in price alone, i.e. without a change in scope or variation in specification, will not be authorised.

A minor variation must not alter the nature of the goods and/or services procured, nor materially alter the specification or structure provided for by the initial Tender.

(2) **Contracts Entered into**

A contract that has been entered into may only be varied if:

- (a) the variation is necessary for the supply of the goods and service and the variation does not change the scope of the contract; or
- (b) It is a renewal or a term extension of a contract required for emergency under 6.8(1)(c) of the Local Government Act 1995.

l. **Notification of Outcome**

Each Tenderer shall be notified of the outcome of the Tender following Council resolution. Notification shall include:

- (i) The name of the successful Tenderer;
- (ii) The total value of consideration of the Tender as detailed in the Council resolution;
- (iii) The details and total value of consideration must also be entered into the Tender register at the conclusion of the Tender process.

m. **Records Management**

All records associated with the Tender process or a direct purchase must be recorded and retained in accordance with the minimum requirements of the State Records Act.

6. When public Tenders or quotations are NOT required

In the following instances public Tenders or quotation procedures are not required (regardless of the value of expenditure):

- a. An emergency situation as defined by the Local Government Act 1995;
- b. The purchase is under a contract of WALGA (Preferred Supplier Arrangements or E-Quotes), Department of Treasury and Finance (permitted Common Use Arrangements), Regional Council, or another Local Government;
 - (i) Notwithstanding the above, where there are multiple WALGA Preferred Suppliers and the contract value is in excess of \$69,999, the requirements of 4. above are to be complied with;
- c. The purchase is under auction which has been authorised by Council;
- d. The contract is for petrol, oil, or other liquid or gas used for internal combustion engines;
- e. Any of the other exclusions applicable under Regulation 11 of the Functions and General Regulations.

7. State of Emergency Conditions

When a State of Emergency is declared in WA, the provisions in the regulations governing a State of Emergency are deemed to apply.

8. Recording Quotations

All quotations, whether verbal or written, must be recorded in compliance with the Record Keeping Act.

9. Local supplier

If a local supplier is invited to quote and provides a quotation which, on evaluation, is either equal or better than a non-local supplier, then preference must be given to that local supplier.

10. Environmental Consideration

In the absence of any other differences, a product that has less of an environmental and human health impact, will be given preference.

Legislation	1. Local Government Act 1995 s.3.57. 1. Local Government (Functions & General) Regulations 1996 – Part 4
Responsible Officer	Chief Executive Officer
Council Meeting Date	
Review History	28/02/2008; 05/09/2013; 04/09/2014, 20/08/2015; 05/11/2015; 01/09/2016; 14/09/2017; 14/08/2018, 13/08/2019, 18/06/2020, 12/08/2021

Next Review Date	01/08/2022
Revision History	<p>04/09/2014 – Part 5 to include “h”. Part 6b reworded to clarify use of WALGA preferred suppliers.</p> <p>05/11/2015</p> <ol style="list-style-type: none"> 1. Increases to the values of the Tendering and quoting requirements. 2. Changes made to Part 5(k) Variation of contract. <p>14/08/2018</p> <ol style="list-style-type: none"> 1. Changes to part 4. Increases to the threshold values 2. Change to part 5 b. Aligning the number of panel members to same value as in part 5 h. 3. Change to part 5 g. Increasing values 4. Change to part 6 a. Minor spelling. 5. Change to 6 b. Increasing values 6. Added part 9 to include an Environmental Consideration <p>13/08/2019 clarify Tenders may be received electronic or hard copies, minor text changes.</p> <p>18/06/2020 State of Emergency additions</p> <p>12/08/2021, recommendations by Auditors May 2021 and the LG Amendment Regulations gazetted 06/11/2020.</p>
Delegation to the Chief Executive Officer	Yes