

Practice Purpose

This Practice document supports the Procurement Policy of the Council of the Town of Victoria Park. The purpose of this Practice will ensure:

1. Policies and procedures, demonstrating efficiency and consistency, are followed in relation to procurement activities at the Town;
2. Procurement activities will provide a value for money solution and deliver the most advantageous possible outcome;
3. Openness, transparency, fairness and equity is evident throughout procurement processes; and
4. Legislative obligations are met.

Practice Guidelines Addressing Policy

1. Transparency, probity and good governance
 - 1.1. Records Management
 - 1.1.1. Records of all procurement documentation are to be retained in accordance with the State Records Act 2000 and the Town of Victoria Park Record Keeping Plan.
 - 1.1.2. For tenders this includes, and is not limited to:
 - 1.1.2.1. Tender documentation;
 - 1.1.2.2. Internal documentation;
 - 1.1.2.3. Evaluation documentation;
 - 1.1.2.4. Enquiry and response documentation;
 - 1.1.2.5. Approval documentation; and
 - 1.1.2.6. Notification and award documentation.
 - 1.1.3. For direct purchasing this includes, and is not limited to:
 - 1.1.3.1. Quotation documentation;
 - 1.1.3.2. Internal documentation;
 - 1.1.3.3. Approval documentation; and
 - 1.1.3.4. Other forms and requisitions.
2. Sustainable Procurement and Corporate Social Responsibility.
 - 2.1. In the Town of Victoria Park's commitment to support organisations that demonstrate sustainable business practices and high levels of corporate social responsibility, procurement activities must endeavour to support those organisations that minimise environmental and negative social impacts and embrace corporate social responsibility.

- 2.2. Sustainable and corporate social responsibility considerations must be balanced against value for money outcomes.
- 2.3. In practical terms this means that utilised procurement activities and processes must attempt that goods, services and works obtained have one, or more, of the following attributes:
 - 2.3.1. Have been determined as necessary;
 - 2.3.2. Demonstrate environmental best practice in energy efficiency and /or consumption;
 - 2.3.3. Demonstrate environmental best practice in water efficiency;
 - 2.3.4. Are environmentally sound in manufacture, use, and disposal;
 - 2.3.5. Can be refurbished, reused, recycled and / or reclaimed;
 - 2.3.6. Demonstrate a regard for the local economy and / or a supply chain that supports local business development;
 - 2.3.7. Are ethically sourced;
 - 2.3.8. Demonstrate high fuel efficiency; and / or
 - 2.3.9. Use renewable energy and technologies.

3. Support of Local Businesses

- 3.1. The Town of Victoria Park aims to maximise participation of local businesses in the supply of goods, services and works that are procured by the Town.
- 3.2. It is recognised that not every category of goods, services or works that is, or is to be, procured will lend itself to supply by local business.
- 3.3. Procurement from local businesses must be balanced against value for money outcomes and, where all other factors are considered equal, preference be provided to businesses that have a measureable presence within the District.
- 3.4. Where practical, procurement activities at the Town will:
 - 3.4.1. Ensure that local businesses are not unfairly disadvantaged;
 - 3.4.2. Ensure that local business capability and local content are allowed for;
 - 3.4.3. Explore the capability of local businesses to meet requirements;
 - 3.4.4. Avoid bias in quotation and tender design and specifications;
 - 3.4.5. Encourage local businesses to bid; and
 - 3.4.6. Provide adequate and consistent information to potential suppliers.

4. Support of Australian Disability Enterprises

- 4.1. The Town of Victoria Park aims to support registered Australian Disability Enterprises in the supply of goods, services and works that are procured by the Town.
- 4.2. It is recognised that not every category of goods, services and works that is, or is to be, procured will lend itself to supply from Australian Disability Enterprises.
- 4.3. Australian Disability Enterprises must be published on the Australian Business Register.
- 4.4. Procurement from Australian Disability Enterprises must be balanced against value for money outcomes.

5. Support of Aboriginal Businesses
 - 5.1. The Town of Victoria Park aims to support registered Aboriginal Businesses in the supply of goods, services and works that are procured by the Town.
 - 5.2. It is recognised that not every category of goods, services and works that is, or is to be, procured will lend itself to supply from Aboriginal Businesses.
 - 5.3. Aboriginal Businesses must be published in the Aboriginal Business Directory produced by the Small Business Development Corporation.

6. Consistency and control over procurement
 - 6.1. Legislative and Regulatory Requirements
 - 6.1.1. All purchasing by the Town of Victoria Park is to be in accordance with the Local Government (Functions and General) Regulations 1996.
 - 6.1.2. Although no timeframe is set by legislation, the Town of Victoria Park considers it important to test the market through suitable procurement processes on a regular basis, particularly for low value, repetitive contracts that may, over time, exceed the procurement thresholds.
 - 6.1.3. The Town considers that three consecutive years is a suitable period by which to ensure suitable market testing occurs.
 - 6.1.4. If it is reasonable to believe that the procurement of goods, services or works from one supplier will exceed a single occasion within any consecutive three year period then the purchasing requirement under the relevant procurement threshold should be observed.

7. Suitable Suppliers
 - 7.1. Suitable suppliers include:
 - 7.1.1. An existing panel of pre-qualified suppliers administered by the Town;
 - 7.1.2. A pre-qualified supplier on the Western Australia Local Government Association Preferred Supplier Program;
 - 7.1.3. A pre-qualified supplier on the Western Australian State Government Common Use Agreement Program; or
 - 7.1.4. From the open market.

8. Procurement Thresholds
 - 8.1. The values below prescribe the procurement thresholds, along with the associated guidelines, that are to be observed (all values are exclusive of Goods and Services Tax):
 - 8.2. Up to \$5,000

Officers may use their general knowledge of the market, advertisements, in-store price comparisons, catalogues, journals, supplier web sites and any other reasonable means to determine whether the purchase represents value for money.

Officers should seek more than one direct quotation if they are not satisfied that the first choice of supplier would represent value for money.

Appropriate records of conversations, verbal quotes, written quotes, and other appropriate documentation are to be kept.

8.3. From \$5,000 up to \$50,000

Officers are to obtain at least three written quotations from suppliers. Officers are to clearly define and specify the goods, services or works being procured with the intent being to enable suppliers to respond and to appropriately price their quote.

Officers are to supply the same information to all suppliers. If an important change to the procurement requirements is made, then all suppliers are to be alerted at, or around, the same time. Confidentiality is to be maintained throughout the quotation process.

8.4. From \$50,000 up to \$150,000

Officers are to obtain at least three written quotations from suppliers. The quotation process is to be via formal invitation under a Request for Quotation (for the open market).

Where the use of procurement is to be undertaken using an existing panel of pre-qualified suppliers administered by the Town, a pre-qualified supplier on the Western Australia Local Government Association Preferred Supplier Program, or a pre-qualified supplier on the Western Australian State Government Common Use Agreement Program then the appropriate means by which to obtain quotations, according to the chosen entity, is to be utilised.

Officers are to provide detailed specifications for the goods, works or services being procured along with evaluation criteria.

The procurement evaluation and decision is to be based on the pre-determined evaluation criteria and is to be undertaken by an evaluation panel of not less than three Officers.

Where suitably qualified expertise has been engaged to assist in the process, then a representative of the suitably qualified expertise is to provide written support for the decision made by the evaluation panel.

8.5. Above \$150,000

A Request for Tender process is to be conducted where the purchasing requirement is not suitable to be met through a panel of pre-qualified suppliers, or any other tender-exempt arrangement, as prescribed.

The Request for Tender process is to be conducted in accordance with part 4 of the Local Government (Functions and General) Regulations 1996.

The procurement decision is to be based on pre-determined evaluation criteria that assess all value for money considerations, as defined.

9. Waiver of Quotation

9.1. Where obtaining quotes are impractical due to significant financial or other adverse impact to the Town, the Chief Executive Officer at their discretion, may waive the requirements to obtain quotes. The request to waive the quotation requirement must be in writing. If approved by the Chief Executive Officer, this quotation waiver must be saved within the appropriate records management system.

10. Tender Exemptions

- 10.1. An exemption to publicly invite tenders may apply. The detail of all Tender Exemptions exists in the Local Government (Functions and General) Regulations Regulation 11 (When tenders have to be publicly invited).
- 10.2. As this legislation may change from time-to-time, reference is to be made to the aforementioned Regulation prior to considering purchases likely to exceed \$150,000.
- 10.3. When making a decision about whether to conduct a public tender or utilise a Tender Exempt arrangement, consideration and comparison should be made, where reasonable and practical, on the cost and benefits of both processes.

11. Approval Thresholds and Requirements.

- 11.1. Officer bands, based generally on Employment Classification Levels, determine Approval Thresholds.
- 11.2. At no time is an employee permitted to approve a requisition that was generated by them. The Chief Executive Officer is exempt from this requirement.
- 11.3. Approval of requisitions and invoices must also meet other requirements as stipulated in this document.
- 11.4. Approval Bands

11.4.1. **Band A – Officer in this Band:**

- 11.4.1.1. Is the Chief Executive Officer (or Acting Chief Executive Officer) in the Employment Classification Levels of the organisation;
- 11.4.1.2. Has complete and total overarching procurement responsibility; and
- 11.4.1.3. Has complete and total overarching budget responsibility.
- 11.4.1.4. The Officer in this Band can approve any value requisition and invoice.

11.4.2. **Band B – Officers in this Band generally:**

- 11.4.2.1. Are Chiefs in the Employment Classification Levels of the organisation;
- 11.4.2.2. Have significant levels of overarching procurement responsibility; and
- 11.4.2.3. Have significant overarching budget responsibility.
- 11.4.2.4. Officers in this Band can approve requisitions and invoices up to \$150,000.

11.4.3. **Band C – Officers in this Band generally**

- 11.4.3.1. Are Managers in the Employment Classification Levels of the organisation;
- 11.4.3.2. Have significant levels of procurement responsibility; and
- 11.4.3.3. Have significant direct budget responsibility.
- 11.4.3.4. Officers in this Band can approve requisitions and invoices up to \$100,000.

11.4.4. Band D – Officers in the Band generally:

- 11.4.4.1. Are Service Area Leaders in the Employment Classification Levels of the organisation;
- 11.4.4.2. Have significant levels of procurement responsibility; and
- 11.4.4.3. Have significant direct budget responsibility.
- 11.4.4.4. Officers in this Band can approve requisitions and invoices up to \$50,000.

11.4.5. Band E – Officers in this Band generally:

- 11.4.5.1. Are mid-level to senior-level Officers in the Employment Classification Levels of the organisation;
- 11.4.5.2. Have some procurement responsibility; and
- 11.4.5.3. Have minimal direct budget responsibility.
- 11.4.5.4. Officers in this Band can approve requisitions and invoices up to \$5,000.

11.4.6. Band F – Officers in this Band generally:

- 11.4.6.1. Are lower in the Employment Classification Levels of the organisation;
- 11.4.6.2. Have minimal procurement responsibility; and
- 11.4.6.3. Have \$nil direct budget responsibility.
- 11.4.6.4. Officers in this Band cannot approve requisitions or invoices.

12. Procurement Variations

- 12.1. Procurement variations that are not materially different are permitted.
- 12.2. One test of whether procurement is 'materially different' is to compare the final position with that which was originally procured for, and to make a judgement in both quantitative and qualitative terms as to whether these positions are generally the same.
- 12.3. As a rule of thumb, if the result of the comparison is greater than \$5,000 or 20% (whichever is the lesser) difference in price it is indicative of a material difference.
- 12.4. If the variation is such that the price exceeds a quote threshold or procurement Band that the approving officer is assigned is breached, or the cumulative procurement value including all variations exceeds the assigned approval limit, then additional approvals must be sought from the supervisory officer in the next Band above.
- 12.5. Variances relating to contracts that have resulted from a formal procurement process (tender, RFQ etc.) will need to follow the formal contract variation process.

13. Sole Source of Supply

- 13.1. For procurement of goods, services and works above the minimum threshold and below the tender threshold, where it can be demonstrated that there is only one source of supply, procurement may be permitted without undertaking a quotation process.

- 13.2. Officers must determine if the sole supply is genuine by exploring if there are any alternative sources of supply. This may include, but not be limited to, advertising, open discussion with potential suppliers, networking with peers, and internet searching.
- 13.3. Once determined, the justification must be endorsed by the Chief Executive Officer prior to a contract being entered into.
- 13.4. From time-to-time the Town will determine if the sole source of supply continues to genuinely exist.

14. Emergency Procurement

- 14.1. An emergency procurement is an unanticipated and unbudgeted procurement that is required in response to an emergency situation.
- 14.2. In such instances, quotes and tenders are not required to be obtained prior to the purchase being undertaken.
- 14.3. An emergency procurement does not relate to procurement not planned for due to time constraints.
- 14.4. Procurement undertaken under the category of Emergency Procurement must be authorised in advance by the Mayor, or the presiding Elected Member, as per legislative requirements.

15. Corporate Credit Cards

- 15.1. From time-to-time the Chief Executive Officer may approve the provision of a Corporate Credit Card.
- 15.2. Where this occurs the the Transaction card policy and practices are to be adhered to.

16. Supplier Panels

- 16.1. Where most of the following factors apply, and can be firmly and quantifiably assessed, a Supplier Panel may be established:
 - 16.1.1. The Town determines that a range of similar goods, services and works are required to be procured on a continuing and regular basis;
 - 16.1.2. There are numerous potential suppliers that satisfy value for money;
 - 16.1.3. The procurement activity under the intended panel is considered to be of a low to medium risk;
 - 16.1.4. The establishment of a panel will create efficiencies in, and improve, the procurement process; and
 - 16.1.5. The Town has the capability to establish, manage the risks and achieve the benefits expected of the proposed panel.
- 16.2. Establishing a Panel
 - 16.2.1. Panels may be established for one supply requirement, or a number of similar supply requirements under defined categories within the panel.
 - 16.2.2. Panels may be established for a minimum of two years and for a maximum length of time deemed appropriate by the Town.
 - 16.2.3. Evaluation criteria are to be determined and communicated in the application process by which applications will be assessed and accepted.

- 16.2.4. A panel may only be formed where there are not less than two suppliers appointed to each category. Where this criterion cannot be met then no panel is to be established.
- 16.2.5. State wide advertising is to be utilised when seeking suppliers to be part of the panel. As a minimum, this advertising should reasonably detail the quantity of supply, the expected levels of service to apply, and the expected number of suppliers the Town intends to put on the panel.
- 16.2.6. Should a Panel member leave the Panel, they may be replaced by the next ranked Panel member determined in the value for money assessment should the supplier agree to do so, with this intention to be disclosed in the detailed information when establishing the panel.

16.3. Distributing Work Amongst Panel Members

- 16.3.1. The Town is to establish the requirements before establishing a supplier panel, including factors to take into account when distributing work.
- 16.3.2. When establishing a supplier panel, the detailed information associated with each invitation to apply to join the panel must either prescribe whether the Town intends to:
 - 16.3.2.1. Obtain quotations from each supplier on the panel with respect to all purchases; or
 - 16.3.2.2. Purchase goods, services and works exclusively from any supplier appointed to that panel, and under what circumstances; or
 - 16.3.2.3. Develop a ranking system for selection to the panel, with work awarded.
- 16.3.3. In considering the distribution of work among panel members, the detailed information must also prescribe whether:
 - 16.3.3.1. 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 panel will be awarded on the basis of value for money in every instance; or
 - 16.3.3.2. Work will be awarded on a ranked basis, which is to be stipulated in the detailed information when establishing the panel. The Town is to 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. 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. Should the list of panel members invited be exhausted with no panel member accepting the offer to provide the goods, works and services under the panel, the Town may then invite suppliers that are not under the panel, in accordance with the Procurement

Thresholds. When a ranking system is established, the Panel must not operate for a period exceeding 12 months.

16.3.4. In every instance, a contract must not be formed with a panel supplier for an item of work beyond twelve months, which includes options to extend the contract.

16.4. Purchasing from the Panel

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

16.4.2. 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 captured on the Town's records management system.

16.4.3. All communications between the Town and panel members, or prospective panel members, must be readily identifiable within the records system.

16.4.4. Information with regards to the supplier panel, including details of suppliers appointed to the panel, must be kept up to date, consistent and available for access by all officers of the Town.

17. Petty Cash Usage

17.1. The town maintains petty cash floats at a variety of locations throughout the organisation. Upon presentation of appropriate documentation, reimbursement up to \$50 will be made. Amounts over \$50 will be processed via the normal account payment process.

17.2. Typical allowable transactions include:

17.2.1. Food, beverages and catering, of an urgent nature

17.2.2. Food, beverages and catering for volunteers;

17.2.3. Strategic external relationship building refreshments;

17.2.4. Parking reimbursements;

17.3. Typical unallowable transactions include:

17.3.1. Food, beverages and catering, unless of an urgent nature.

17.3.2. Gifts, awards and prizes;

17.3.3. Office supplies;

17.3.4. Telephone reimbursements;

17.3.5. Mailing services;

17.3.6. Copy and print services;

17.3.7. Items covered by creditors or suppliers in the system;

17.3.8. Entertainment;

17.3.9. Travel reimbursements (meals, lodging, taxi, airfare); Memberships; and

17.3.10. Personal loans.

17.4. All Petty Cash purchases are not to be approved by the purchaser, and are to be approved by a direct supervisor of the purchaser.

18. Ethical behaviour in public sector procurement

18.1. Code of Conduct

18.1.1. All employees, contractors and entities undertaking procurement activities must have regard for the Town of Victoria Park Code of Conduct requirements and shall observe the highest standards of ethics and integrity. All procurement activities must be conducted in an honest and professional manner and must be undertaken to ensure the reputation of the Town of Victoria Park is supported.

18.2. Procurement Principles

18.2.1. The following principles, standards and behaviours will be observed and enforced through all stages of procurement activities to ensure the fair and equitable treatment of all parties:

18.2.1.1. Full accountability shall be taken for all procurement decisions and the efficient, effective and proper expenditure of public monies, based on achieving a value for money outcome;

18.2.1.2. All procurement activities shall comply with relevant legislation, regulations, and requirements consistent with the Town of Victoria Park - Code of Conduct and influencing policies;

18.2.1.3. Procurement is to be undertaken on a competitive basis where all potential suppliers are treated impartially, honestly and consistently;

18.2.1.4. All processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies, audit requirements and relevant legislation;

18.2.1.5. Any actual or perceived conflicts are to be identified, disclosed and appropriately managed; and

18.2.1.6. Any information provided to the Town of Victoria Park by a supplier shall be treated as commercial-in-confidence and shall not be released unless authorised by the supplier or relevant legislation.

18.2.1.7. Once the preferred supplier is identified, a duly approved purchase order must be provided to the supplier as part of the engagement to supply goods or services. An invoice for goods or service must include a valid purchase order issued by the Town prior to payment.

19. Anti-Avoidance

19.1. Officers shall not cause two or more contracts to occur, or create multiple purchases to occur, of similar nature for the purpose of 'splitting the value of the procurement' to take the value of consideration below a particular threshold, particularly in relation to tenders, thereby avoiding the need to call a public tender.

20. Management of Procurement Breaches

20.1. Breaches of procurement provisions of the Competition and Consumer Act can involve criminal and civil penalties. A council, and individual staff members, can be liable for their respective involvement in breaches.

20.2. Any breaches, major or otherwise, of Procurement Practices will be considered a breach of the Code of Conduct and will result in disciplinary action, as determined by the Chief Executive Officer.

21. Increasing the probability of obtaining the right outcome

21.1. Value for Money

21.1.1. Value for money is an overarching principle governing purchasing that allows for the best possible outcome to be achieved for the Town of Victoria Park.

21.1.2. It is important to note that compliance with the purchasing specification is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing and service benchmarks.

21.1.3. An assessment of the best value for money outcome for any purchasing process is to consider:

21.1.3.1. All relevant total costs of ownership and benefits including, although not limited to, transaction costs associated with acquisition, delivery, distribution, as well as holding costs, consumables, deployment, maintenance and disposal;

21.1.3.2. 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, including assessment of levels and currency of compliances, value added offered, warranties, guarantees, repair and replacement practices, ease of inspection, ease of after sales service and ease of communications;

21.1.3.3. Financial viability and capacity to supply without risk of default (including the competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);

21.1.3.4. A strong element of competition in the allocation of orders or the awarding of contracts by obtaining a sufficient number of competitive quotations, when practicable.

21.1.3.5. Safety requirements associated with both design and specification offered by suppliers and the evaluation of risk when considering procurement of goods, services and works;

21.1.3.6. Demonstrated sustainable benefits and good corporate responsibility from suppliers; and

21.1.3.7. Providing opportunities for local businesses to supply quotes.

References

Local Government Act 1995 - s.3.57.

Local Government (Functions & General) Regulations 1996 - Part 4

Local Government (Functions & General) Amendment Regulations 2007

Local Government (Financial Management) Regulations 1996 - Section 11

State Records Act 2000 (WA)

Influencing Policy

Procurement Policy

Transaction Card Policy