

# Purchasing

## Policy Objective

To deliver a high level of accountability whilst providing a flexible, efficient and effective procurement framework.

## Policy Detail

In accordance with *Local Government (Functions and General) Regulations 1996* Regulation 11A, this policy sets out the requirements in relation to contracts for the supply of goods and services where the consideration is, or is expected to be, \$250,000 or less.

### 1. Purchasing Threshold Values and Practices

Table A: Purchasing threshold values

Purchase Value Threshold (ex GST)	Purchasing Practice
Up to and including \$5,000 (ex GST)	No quotations are required where the value of the contract is less than or equal to \$5,000. Where a quotation is obtained, it should be registered in the City's record keeping system and recorded on a Quotation Form attached to the purchase requisition in the City's purchasing system.
From \$5,001 up to and including \$15,000 (ex GST)	Seek at least two (2) written quotations from suitable suppliers ( <i>refer item 7.1 – Written Quotations</i> ).  The purchasing decision is to be evidenced by registering the quotation in the City's record keeping system and recording the details on a Quotation Form attached to the purchase requisition in the City's purchasing system.
From \$15,001 up to and including \$25,000 (ex GST)	Seek at least two (2) written quotations from suitable suppliers ( <i>refer item 7.1 – Written Quotations</i> ).  The purchasing decision is to be based upon assessment of the suppliers' response to: <ul style="list-style-type: none"><li>• a brief outline of the specified requirement for the goods; services or works required; and</li><li>• Value for money, not necessarily the lowest price.</li></ul> The purchasing decision is to be evidenced by completing a Quotation Form and attaching it to the purchase requisition in the City's purchasing system.

Purchase Value Threshold (ex GST)	Purchasing Practice
From \$25,001 up to and including \$50,000 (ex GST)	<p>Seek at least three (3) written quotations from suitable suppliers (<i>refer item 7.1 – Written Quotations</i>).</p> <p>The purchasing decision is to be based upon assessment of the suppliers' response to:</p> <ul style="list-style-type: none"> <li>• a brief outline of the specified requirement for the goods; services or works required; and</li> <li>• Value for money, not necessarily the lowest price.</li> </ul> <p>The purchasing decision is to be evidenced by completing a Quotation Form and attaching it to the purchase requisition in the City's purchasing system.</p>
From \$50,001 up to and including \$250,000 (ex GST)	<p>Seek at least three (3) written responses from suitable suppliers and undertake a formal request for quotation (<i>refer item 5.2 Formal Request for Quotation</i>).</p> <p>The purchasing decision is to be based upon assessment of the suppliers' response to documentation provided as part of the formal assessment process (<i>refer item 5.2 Formal Request for Quotation</i>).</p> <ul style="list-style-type: none"> <li>• a detailed written specification for the goods, services or works required; and</li> <li>• pre-determined selection criteria that assess all best and sustainable value considerations.</li> </ul> <p>The purchasing decision is to be evidenced by completing a Quotation Form and attaching it to the purchase requisition in the City's purchasing system.</p>
Over \$250,000 (ex GST)	<p><b>Tender Exempt</b> arrangements (i.e. WALGA PSP, CUA or other tender exemption under the <i>Local Government (Functions and General) Regulations 1996 11(2)</i>) require at least three (3) written responses from suppliers by invitation under a formal request for quotation</p> <p><u>OR</u></p> <p><b>Public Tender</b> undertaken in accordance with the <i>Local Government Act 1995</i> and the City's procedures.</p> <p>The Tender Exempt or Public Tender purchasing decision is to be based on the suppliers' response to:</p> <ul style="list-style-type: none"> <li>• A detailed specification; and</li> <li>• Pre-determined selection criteria that assess all best and sustainable value considerations.</li> </ul> <p>The purchasing decision is to be evidenced by completing a</p>

Purchase Value Threshold (ex GST)	Purchasing Practice
	Quotation Form and attaching it to the purchase requisition in the City's purchasing system for Tender Exempt or referencing the Tender number on the purchase requisition for a Public Tender

*Table B: Purchasing mitigants*

Purchasing Mitigants
Regardless of the value of the contract, if the contract could have significant financial or reputational consequences, a formal request for quotation should be undertaken.
Where obtaining the required number of quotes is not practical (e.g. limited number of suppliers) then best endeavours must be used to obtain as many quotes as possible.
<p>If it is not possible to invite the number of quotations required under this policy the following conditions must be met:</p> <ol style="list-style-type: none"> <li>1. a Quotation Waiver Form is to be completed detailing why it is impractical;</li> <li>2. the respective Director's or Chief Executive Officer's approval not to seek further quotes is required; and</li> <li>3. the Quotation Waiver Form is to be attached to the purchase requisition (Attachments Field) and registered in the City's record keeping system.</li> </ol>
If a genuine attempt has been made to follow this policy and the invitation to quote has been sent to the required number of suitable suppliers but insufficient responses are received, a quotation form signed by the appropriate officer with the necessary purchasing authority can be completed and attached to the purchase requisitions.

## 2. Purchasing Exemptions

### a) Exemptions from Purchasing Practices for Specific Classes of Goods, Services, Suppliers and Contracts

Table C: Purchasing practice exemptions

Exceptions	
<p>Emergency Purchases (Within Budget) Refer to Clause 1.4.3</p>	<p>Where, due to the urgency of the situation, a contracted or tender exempt supplier is unable to provide the emergency supply <u>OR</u> if 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 obtained to the extent necessary to facilitate the urgent emergency response and must be subject to due consideration of best value for money and sustainable practice.</p> <p>The rationale for policy non-compliance and the purchasing decision must be evidenced by completing a Quotation Form and attaching it to the purchase requisition in the City's purchasing system.</p>
<p>Emergency Purchases (No budget allocation available) Refer for Clause 1.4.3</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>
<p>LGIS Services</p>	<p>The suite of LGIS insurances is established in accordance with s.9.58(6)(b) of the <i>Local Government Act 1995</i> and are provided as part of a mutual, where WALGA Member Local Governments are the owners of LGIS. Therefore, obtaining LGIS insurance services is available as a member-base service and is not defined as a purchasing activity subject to this Policy.</p> <p>Should Council resolve to seek quotations from alternative insurance suppliers, compliance with this Policy is required.</p>

## Use of WALGA Preferred Suppliers of State Government Contracts

Lawyers	<p>The City utilises the WALGA preferred supplier contract for legal services. A preferred supplier(s) of legal services is to be nominated and is to be utilised. However, where circumstances necessitate seeking legal services other than those of the chosen preferred supplier then the approval of the Chief Executive Officer or the Manager Governance, Strategy and Risk will be required. Quotations in these circumstances may be required and should be discussed with the Manager Governance, Strategy and Risk before securing these services. Approval for seeking legal services is to be recorded in writing and registered in the City's record keeping system.</p>
Contract Employment Agencies	<p>The following services of contract employment agencies are exempt from the requirement for quotations if a WALGA preferred supplier is used:</p> <ul style="list-style-type: none"> <li>• The appointment of contract staff engaged through agencies in liaison with the People and Culture team, and requiring assessment of potential candidates, including a formal or informal interview process, prior to acceptance of the candidate by the City</li> <li>• Recruitment services relating to the employment of directly employed staff undertaken by the People and Culture team, requiring assessment of potential candidates, including a formal or informal interview process, prior to acceptance of the candidate by the City.</li> </ul> <p>All other agency labour appointments should be considered as individual contracts and assessed in accordance with the quotation or tender requirements based on the total expected cost of each appointment.</p>
Advertising	<p>No quotation is required where advertising is being purchased through the WALGA media and advertising portal.</p>
Graphic Design, Printing and Marketing	<p>At least one written quotation is required where graphic design, printing and marketing services are purchased through WALGA or CUA preferred suppliers who hold current branding styles formats and layouts established in accordance with the City's Style Guide. In all other circumstances, standard quotation requirements apply.</p>
Stationery and Office Supplies	<p>No quotation is required where stationery or office supplies are to be purchased from WALGA or CUA preferred suppliers.</p>

Fleet	One written quotation is required where light fleet is to be purchased from WALGA or State Government CUA preferred suppliers.
<b>Other</b>	
Software and Specifically Associated Hardware	<p>No quotations are required for contracts for the provision, maintenance or support of software and specifically associated hardware where:</p> <ul style="list-style-type: none"> <li>• the value of the contract for the whole term is less than or equal to the tender threshold, in accordance with the <i>Local Government (Functions and General) Regulations 1996</i>; and</li> <li>• the responsible officer has good reason to believe that because of the unique nature of the goods or services required or for any other reason, it is unlikely that there is more than one potential supplier; or</li> <li>• the supply relates to maintenance and support, by the software supplier or their recommended contractor, of software and specifically associated hardware currently licensed for use by the City.</li> </ul>
Banking Services	<p>No quotations are required for contracts for the provision of banking services where:</p> <ul style="list-style-type: none"> <li>• the value of the contract is less than or equal to the tender threshold, in accordance with the <i>Local Government (Functions and General) Regulations 1996</i>, and</li> <li>• a biennial review of fees is conducted to ensure the current provider's rates remain advantageous to the City.</li> </ul>

Construction  
Projects

One written quotation must be obtained for construction projects where the value of the contract is less than or equal to \$20,000.

Two or more written quotations must be obtained for construction projects where the value of the contract is more than \$20,000 but less than or equal to the tender threshold, in accordance with the *Local Government (Functions and General) Regulations 1996*. Due to the operational nature of these works, a formal request for quotation is not required and the purchasing decision will be based on value for money, not necessarily the lowest quote. The purchasing decision is to be evidenced by completing a Quotation Form and attaching it to the purchase requisition in the City's purchasing system.

Other

Other Exemptions	<p>No quotations are required in the following cases:</p> <ul style="list-style-type: none"> <li>• Fees associated with the sale or purchase of property, plant and equipment</li> <li>• Purchases from a specific supplier as determined by Council Resolution. This includes Council’s Memoranda of Understanding</li> <li>• Contributions towards the ongoing operations and maintenance of Council’s aged accommodation including contributions towards the Faulkner Park Retirement Village Board of Management</li> <li>• Goods or services supplied by an Australian Disability Enterprise where a value for money assessment demonstrates benefits to achieve the City’s strategic and operational objectives</li> <li>• Where State owned Service Authorities or their nominated contractor/partner is the only party permitted to maintain, renew, upgrade or relocate infrastructure controlled or owned by them</li> <li>• Audit of the Annual Financial Report as carried out by the Office of the Auditor General</li> <li>• Goods or services supplied by a person registered on the Aboriginal Business Directory WA published by the Chamber of Commerce and Industry of Western Australia Ltd or with the Australian Indigenous Minority Supplier Office Ltd (trading as Supply Nation) only where <ul style="list-style-type: none"> <li>i. the contract value is worth \$250,000 or less</li> <li>ii. a best and sustainable value assessment demonstrates benefits for the achievement of the City’s strategic and operational objectives.</li> </ul> </li> </ul> <p>It should be noted that payments made to third parties that don’t reflect a purchase of goods or services (e.g. grants to community groups, donations, refunds of unused grants, rates refunds, etc.) are exempt from this policy.</p>
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b) Record Keeping

Where the City enters into a contract for the provision of goods and services which are exempt from tender or the requirements of this policy, then a note must be included in the attachments field of the requisition indicating that the purchase is exempt and the reasons for that exemption.

**3. Purchasing Preference**

a) Local Business Purchasing Preference



When assessing the relative merits of quotations and tenders the City of Belmont shall give preference for the supply of goods and/or services in the following order of priority provided that the price, service, environmental impact and quality of these goods and/or services are considered equal.

- First Local (City of Belmont) Products and/or Services
- Second State Products and/or Services
- Third Australian Products and/or Services
- Fourth Products and/or Services elsewhere

A 10% premium is available to support local businesses (i.e. trading from an address within the City of Belmont) which should be considered.

b) Consideration of Other City Policies

When purchasing goods and services consideration should also be given to the Environmental Purchasing Policy

The Environmental Purchasing Policy clarifies the principles, considerations and responsibilities for considering life cycle environmental impacts when purchasing or procuring goods and services, relating to:

- (i) waste
- (ii) energy and water efficiency and climate change
- (iii) habitat destruction
- (iv) pollution
- (v) soil degradation

It includes item/product specifications for:

- (vi) single use plastic items
- (vii) paper
- (viii) copiers
- (ix) water fixtures and fittings
- (x) lighting

The Environmental Purchasing Policy sets an acceptable premium cost 15% for environmentally preferable products or services above the cost of equivalent, non-preferable products or services.

#### **4. Contracts over the tender threshold in the Local Government (Functions and General) Regulations 1996.**

Where the value of a contract for the provision of any goods or services is greater than the tender threshold set out in the *Local Government (Functions and General) Regulations 1996*, then:

- the tender provisions of the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996* apply
- the contract may be exempt from the requirement to tender in accordance with the *Local Government (Functions and General) Regulations 1996* 11(2).

## 5. Requirements for Request for Quotation and Formal Quotations

### a) Requests for quotation

All requests for quotation and quotations submitted to the City must:

- (i) be in writing
- (ii) include details of the goods and services required
- (iii) specify the time when the goods and services are required and
- (iv) include a date by which the quotation must be submitted

### b) Formal Request for Quotation

For a formal request for quotation, operational areas are required to provide the Coordinator Procurement and Contracts with the following in order to commence the quotation process:

- (i) sufficiently detailed written specifications which accurately identify the goods / services required
- (ii) the relevant selection criteria.

The Coordinator Procurement and Contracts will coordinate the quote documentation, the closing time through the tender box and the formal request for quotation process.

## 6. Amendments to a Contract

The City may only make minor amendments to a contract after the quotations have been received but before a contract is entered into.

Any major amendments to the scope of a contract must be treated as a separate supply and dealt with under this policy as if it were a new contract.

## 7. Assessment and Decision Making

When considering quotations submitted under this policy a decision may be taken either to:

- (i) not accept any quotation; or
- (ii) accept the quotation which will be most advantageous for the City.

### a) Written Quotations

The written request for quotation and any written submission of quotation must be recorded in the City's records system and a Quotation Form, where required for the purchasing threshold (see item 1), completed and stored in the City's purchasing system as an attachment to the purchase requisition.

### b) Formal Request for Quotation

Where a formal request for quotation is required under this policy then a written evaluation must be undertaken by a group of at least two persons and reviewed by a person holding a position not less than Director. In addition to the written quote requirements, the quotation form must also be countersigned by the relevant Director and a written record must be made of the formal assessment.

A formal request for quotation must be carried out:

- i. for purchases from \$50,001 up to and including \$250,000 (*refer item 1: Table A*)

- ii. if the contract could have significant financial or reputational consequences regardless of the value of the contract. (*refer item 1: Table B*)
- c) Tender

The tender number, as ascertained by the Coordinator Procurement and Contracts, must be noted in the comments field of the purchase requisition.

d) Contract Splitting Prohibited

It is a breach of this policy to enter into two or more contracts in circumstances such that the desire to avoid the requirements of this policy is a significant reason for not dealing with the matter in a single contract.

e) Meaning of a Contract

The City may use the same supplier for goods and services from time to time. In this situation, each separate supply will be treated as a separate contract unless:

- (i) there is an intention for that supplier to supply similar goods and services on a regular basis
- (ii) there is an understanding that the supplier will offer the City discounted rates in expectation that the supplier will be engaged to provide goods and services on a regular basis
- (iii) the supplier is providing goods or services under an existing tender, or
- (iv) a relationship develops over any period of time that evidences an intention to purchase goods and services from the supplier on a regular basis.

Under these circumstances the estimated value of the purchases over a three year period should be considered when applying this policy.

## 8. Raising of Purchase Orders

When ordering goods and services the purchase order must be provided to the supplier, which is to be based on the agreed schedules of rates, effectively contracting the City to the purchase of that supply. This includes those supplies purchased under a tender or preferred supplier arrangement. Other than emergency situations, if an employee commits the City to the purchase of goods and services without a valid purchase order, that employee will be in breach of this policy.

Neither a purchase order nor quote is required for the provision of goods and services in the following circumstances although may still be required for the processing of invoices through Accounts Payable:

- utilities including water, electricity, gas and telephone
- insurances
- payments made through payroll
- fees and payments that are statutory, this includes development contributions and bank fees
- other statutory damages, infringements and penalties
- loan repayments
- contributions to the Faulkner Park Retirement Village Board of Management
- payments that are required in advance of the supply of goods and services, this includes membership renewals and subscriptions

- purchases or reimbursements which are more practically served by other internal forms. This includes but is not limited to petty cash reimbursements, conference and approved council activity reimbursements and other reimbursements such as rate and bond refunds.

a) Blanket Orders

Blanket orders should be used when there are repetitive and pre-specified purchases from the same supplier. This would be the case where there is a contract in place and the units and nature of the goods/services ordered are known or can be reliably estimated. Blanket orders should be raised for the full financial year and reflect the expected cost over the financial year. In some situations, specifically significant construction contracts, the duration of the order may reflect the life of the contract.

## Reference/Associated Documents

*Local Government Act 1995*

*Local Government (Administration) Regulations 1996 (section 11)*

*Local Government (Functions and General) Regulations 1996 (Part 4, Divisions 1 and 2)*

## Reference to Internal Procedure

SP16 Procurement

SP23 Contract Management

SP24 Management of Contract Variations

Process Map - Contract Variation Following Award of Contract

Process Map - Provide Purchasing Services

Work Instruction - Raising a Requisition

Delegation Register – 1.1.14 Procurement

Quotation Waiver Form

## Definitions

**‘CEO’** means the Chief Executive Officer of the City.

**‘City’** means the City of Belmont.

**‘Construction project’** means substantial building construction, building alteration, building maintenance, road construction, landscaping, playground or drainage projects but excludes minor or routine works.

**‘Contract’** means any agreement or response to tender or invitation to quote, or there is an intention to purchase goods and services from the supplier on a regular basis.

**‘CUA’** means a Common Use Arrangement

**‘WALGA PSP’** means Western Australian Local Government Association preferred supplier panel

<b>This Policy is supported by:</b>		
Policy No:	CP29	
Strategic Community Plan:	<b>Goal 5: Responsible Belmont Strategy:</b> 5.2 Manage the City's assets and financial resources in a responsible manner and provide the best possible services for the community	
Register of Delegations:	1.1.14 Procurement: Tenders, Tender Exemptions; Purchases (\$50,000-\$250,000) & Associated Contract Variations	
Service Area:	Corporate and Governance	
Policy Owner:	Manager Finance	
Policy Stakeholder:	N/A	
<b>Amendment Status:</b>		
<b>Date of Amendment</b>	<b>Status of Amendment</b>	<b>Minute Item Reference</b>
03/04/07		12.5.8
28/04/09		12.10
22/11/11		12.9
25/06/13		12.8
28/10/14	Review - Minor	12.4
22/09/15	Major	10.7
27/09/16	Review - Major	12.9
22/08/17	Review - Major	12.2
25/09/18	Review - Major	12.5
10/12/19	Review - Major	12.8
24/05/22	Review - Moderate	12.7
22/08/23	Review - Minor	12.10