

This policy is separate from and to be read in conjunction with policy “2.3.6 – Tendering Policy”.

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**1 Objectives**

- i. To ensure compliance with the Local Government Act, 1995 and the Local Government Act (Functions and General) Regulations, 1996;
- ii. To deliver a best practice approach and procedures to internal purchasing for the Shire of Manjimup; and
- iii. To ensure consistency in purchasing activities within all Shire of Manjimup operational areas.

**2 Why do we need a purchasing policy?**

The Shire of Manjimup is committed to setting up efficient, effective, economical and sustainable procedures in all purchasing activities. This policy:

- i. Provides the Shire of Manjimup with an effective way of purchasing goods and services.
- ii. Ensures that purchasing transactions are carried out in a fair and equitable manner.
- iii. Strengthens integrity and confidence in the purchasing system
- iv. Ensures the Shire of Manjimup receives value for money in its purchasing.
- v. Ensures that the Shire of Manjimup considers the environmental impact of the procurement process across the life cycle of goods and services.
- vi. Promotes effective governance and definition of roles and responsibilities.
- vii. Upholds respect from the public and industry for the Shire of Manjimup’s purchasing practices that withstands probity.

### 3 **Ethics & integrity**

All officers and employees of the Shire of Manjimup shall observe the highest standards of ethics and integrity in undertaking purchasing activity and shall act in an honest and professional manner that supports the standing of the Shire.

The following principles, standards and behaviours shall be observed and enforced through all stages of the purchasing process:

- i. full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money;
- ii. all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Shire of Manjimup's policies and code of conduct;
- iii. purchasing is to be undertaken on a competitive basis in which all potential suppliers are treated impartially, honestly and consistently;
- iv. all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies and audit requirements;
- v. any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed; and
- vi. any information provided by a supplier shall be treated as commercial-in-confidence and shall not be released unless authorised by the supplier or relevant legislation.

### 4 **Value for money**

Value for money is the overarching principle governing purchasing that allows the best possible outcome to be achieved for the Shire of Manjimup.

Purchasing decisions should take into account:

- i. purchase price;
- ii. goods and services tax thereon;
- iii. user requirements;
- iv. quality standards;
- v. technical merits (compliance with specifications, contractual terms, and quality assurance);
- vi. financial viability and capacity to deliver
- vii. sustainability;
- viii. life cycle costing (including transaction costs, delivery, distribution, holding, consumables, maintenance and disposal), and
- ix. service provision.

Obtaining a sufficient number of competitive quotations where possible provides the greatest likelihood of identification of value for money.

Where a higher priced conforming offer is selected, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer.

**5 Sustainable procurement**

Sustainable procurement is the purchase of goods or services that have less environmental and social impacts than competing products and services.

Sustainable attributes must be balanced against value for money outcomes.

The Shire of Manjimup shall identify and procure products and services that:

- i. are determined as being necessary;
- ii. are energy efficient as demonstrated by suitable energy labelling;
- iii. demonstrate environmental best practice in water efficiency;
- iv. are environmentally sound in manufacture, use and disposal;
- v. can be refurbished, reused, recycled or otherwise minimise waste;
- vi. for motor vehicles, have high fuel efficiency for the designated category;
- vii. for buildings and refurbishments, utilise renewable energy.

**6 Purchasing thresholds**

Where the value of procurement (ex GST) over the full contract period (including any options to extend) is, or is reasonably expected to be:

Threshold Amount	Form of Quotation required
Up to \$3,999	Direct purchase from suppliers.
\$4,000 to \$19,999	Obtain at least two written quotations.
\$20,000 to \$49,999	Preparation of brief specification and obtain at least three written quotations
\$50,000 to \$249,999	Preparation of detailed written specification and obtain at least three written quotations.

**SHIRE OF MANJIMUP**  
**2. CORPORATE POLICIES**  
**2.3 OTHER CORPORATE**  
**2.3.5 Purchasing Policy**

\$250,000 and above	Preparation of detailed written specifications and call Public tender in accordance with Section 3.57 of the Local Government Act 1995.
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If considered beneficial, tenders may be called in lieu of seeking quotations for purchases under \$250,000 (ex GST), however the full provisions of Corporate Policy 2.3.6 – Tendering Policy must be applied.

Please note that in respect of the threshold amounts, the source of funding for the purchased goods or services is irrelevant and accordingly, the scale is to be applied to the gross purchase price, with the exclusion of “Direct Client Purchases” carried out by Manjimup Home and Community Care being omitted due to their personal nature.

Officers must use their best endeavours to seek quotations from those parties known to be interested in and capable of providing the goods or services. If the officer believes that due to the nature of the goods or services it is unlikely there will be more than one potential supplier, then documentation supporting this determination is to be approved by the Chief Executive Officer and placed on file. The application of this exemption should only occur in limited cases as usually there is more than one supplier capable of providing most goods or services.

The following general principles are applicable to all requests for quotation:

- Specifications should be generic, clear, concise and logical;
- Selection criteria should be developed before inviting quotations;
- Invitation to quote should be accurately and consistently communicated and to the extent practicable, issued simultaneously;
- New information/change to the specifications should be provided to all prospective suppliers simultaneously;
- The required format of quotation should be specified;
- Quotations should be assessed for compliance and against selection criteria;
- Respondents must be advised of the final determination as soon as possible.

The following provides further guidance in respect of each form of quotation.

**6.1 Up to \$3,999 – Direct purchase from suppliers**

To be applied where the purchase is relatively small and low risk. Discretion is required and occasionally market testing and or formal quotation is required.

**Recording and retention** – The copy of the purchase order form and its retention in accordance with the Shire’s Record Keeping Policy is considered adequate.

**6.2 \$4,000 to \$19,999 – Request at least two written quotes**

Invitations should be made for at least two written quotations as a minimum. Where not practical due to limited suppliers, this must be noted through records relating to the process.

**Recording and retention** – Written notes of the requirements / specifications sought, copy of the purchase order form and hard copies of the quotes submitted is considered adequate recording. Retention is to be in accordance with the Shire’s Record Keeping Policy.

**6.3 \$20,000 to \$49,999 – Brief specification and request three written quotes**

A brief specification is to be prepared by the officer and authorised by the pertinent “Manager”, clearly communicating:

- the nature and quantity of goods or services required;
- the time by which those goods or services are required to be completed or delivered;
- the date by which quotes must be submitted, and
- any other aspect considered relevant by the officer.

The specification is to be provided to all relevant contractors included on the Shire’s Approved Contractor List. In some instances, it may be appropriate to seek quotes from relevant contractors/suppliers within the South West Region (for example where limited or no opportunity exists locally).

**Recording and retention** – Hard copy of the brief specification, copy of the purchase order form, hard copies of the quotes submitted and summary sheet of quotes invited / submitted (refer Attachment A) is considered

adequate recording. Retention is to be in accordance with the Shire's Record Keeping Policy.

**6.4 \$50,000 to \$249,999 – Detailed specification and three written quotes requested**

A detailed specification is to be prepared by the officer and authorised by the pertinent "Manager" and "Senior Employee", clearly communicating:

- the nature and quantity of goods or services required;
- quality;
- the time by which those goods or services are required to be completed or delivered;
- maintenance requirements;
- organisational capability;
- relevant experience;
- the date by which quotes must be submitted, and
- any other aspect considered relevant by the officer.

The specification is to be provided to all parties seeking to quote. In most instances, it may be appropriate to advertise advising interested parties of the opportunity to quote.

**Recording and retention** - Hard copy of the detailed specification, copy of the purchase order form, hard copies of the quotes submitted and summary sheet of quotes invited / submitted (refer Attachment A) and summary sheet of the assessment against the selection criteria (refer Attachment B) is considered adequate recording. Retention is to be in accordance with the Shire's Record Keeping Policy.

**6.5 \$250,000 and above – subject to Council Policy 2.3.6 – Tendering Policy**

**7 Preferred Suppliers**

Where:

1. the supply of the goods or services is to be obtained through the Council Purchasing Service of WALGA; or
2. the goods or services are to be supplied by or obtained through the government of the State or the Commonwealth or any of its agencies, or by a local government or a regional local government,

at the employees discretion and in accordance with the employees purchasing responsibility, goods or services may be

purchased directly from a supplier without the need to obtain multiple quotes or go to Tender as outlined in item 6 noting that all other conditions defined in item 6 still apply. In this case employees shall at all times ensure that items 4 and 5 and other general requirements of this policy are applied.

**8 Regional price preference**

Corporate Policy 2.3.8 – Regional Price Preference applies to all purchasing decisions made in this policy unless determined otherwise by Council.

**9 Authorised purchasing levels**

Authorised purchasing levels for Council officers are to be determined on an annual basis by the Chief Executive Officer by way of the “delegations register”.

It should be noted that the issue to a Council officer of purchasing authority by the Chief Executive Officer gives rise to the requirement to submit an “Annual Return” by that officer.

**10 Administration**

10.1 Purchase orders and commitments

A purchase order is required to be issued for all goods and services procured by Council officers.

The purchase order must:

- be within the authorised purchasing levels for the Council officer as determined in accordance with clause 8 above;
- relate directly to the Department to which that officer belongs;
- be within the available approved budget at the time of making the order.

10.2 Authorisation of invoices for payment

Once an invoice is received for goods or services purchased, that invoice is to be signed by the officer who issued the relevant purchase order to attest that the goods or services have been received in full and that the invoice is valid for payment.

The invoice must subsequently be authorised for payment by:

- The department Manager to which the expenditure relates, and
- The pertinent “Senior Employee”.

10.3 Cheque authorisations

All cheques are to be signed by two authorised signatures.

10.4 Electronic funds transfer authorisations

Authorisation of electronic funds transfers (such as external funds transfers for payroll or transfers strictly between Council bank accounts) is not subject to the thresholds in this policy. Authorisation for such transfers is required to be made by two authorised signatures.

**11 Credit cards**

Council credit cards are issued only to designated “Senior Employees”. The provisions of this policy where applicable apply to purchases made using Council credit cards. A list of expenses incurred on Council credit cards is to be presented to Council together with the normal monthly payments schedule.

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**The Administration of this Policy is by the Business Directorate.**