

This Policy replaces all previous policies related to this topic.

1. Policy Purpose

- 1.1. To provide compliance with the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996*.
- 1.2. To deliver a best practice approach for the Town of Cottesloe (The Town) to ensure the most cost effective and efficient methods are used in the procurement of goods, works and services.
- 1.3. To ensure consistency for all purchasing activities that integrates all of the Town's operational areas.
- 1.4. To ensure all officers and employees of the Town observe the highest standards of ethics and integrity in undertaking purchasing activity and act in an honest and professional manner that supports the standing of the Town.

2. Policy Scope

- 2.1. This policy applies to all employees, contractors and entities that purchase goods, services or works for, or on behalf of the Town.
- 2.2. The policy will guide the development and application of efficient, effective, economical and sustainable procedures for all purchasing activities.

Ethics and Integrity

- 2.3. The following principles, standards and behaviours are required to be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:
 - a. Full accountability is to be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving the best value for money.
 - b. All purchasing practices are required to comply with relevant legislation, regulations and requirements consistent with the Town's policies and Code of Conduct.
 - c. Purchasing is to be undertaken on a competitive basis in which all potential suppliers are treated impartially, honestly and consistently.
 - d. All processes, evaluations and decisions are required to be transparent, free from bias and fully documented in accordance with applicable policies and audit requirements.

- e. Any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed.
- f. Any information provided to the Town by a supplier is required to be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation.

3. Value for Money

Value for money is an overarching principle governing purchasing that allows the best possible outcome to be achieved for the Town. Compliance with this specification is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing, and service benchmarks.

3.1. An assessment of the best value for money outcome for any purchasing should consider:

- a. All relevant whole-of-life costs and benefits, whole-of-life cycle costs (for goods) and whole of contract life costs (for services), including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance and disposal,
- b. Preference is to be given to Australian made and/or locally sourced and/or recycled products in the event that all other criteria are equal and the price of the local supplier is within 5% of the lowest quote.
- c. The technical merits of the goods or services being offered in terms of compliance and specifications, contractual terms and conditions and any relevant methods of assuring quality.
- d. Financial viability and capacity of supply without risk of default. (Competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history).
- e. A strong element of completion in the allocation of orders or the awarding of contracts.
- f. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable.

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

4. Sustainable Purchasing

The Town is committed to sustainable purchasing and where appropriate should, therefore, endeavour to design quotations and tenders to provide an advantage to goods, services and/or processes that minimise environmental and negative social impacts. Sustainable considerations are required to be balanced against value for money outcomes in accordance with the Town's sustainability objectives.

- 4.1. The Town should endeavour at all times to identify and procure products and services that:
- a. Have been determined as necessary.
 - b. Demonstrate environmental best practice in energy efficiency and/or consumption which can be demonstrated through suitable rating systems and eco-labelling, where possible.
 - c. Demonstrate environmental best practice in water efficiency, where relevant
 - d. Are environmentally sound in manufacture, use and disposal with a specific preference for products made using the minimum amount of raw materials from a sustainable resource, that are free of toxic or polluting materials and that consume minimal energy during the production stage, where possible.
 - e. Products that can be refurbished, reused, recycled or reclaimed should be given priority, and those that are designed for ease of recycling, remanufacture or otherwise to minimise waste.
 - f. For motor vehicles: select vehicles featuring the highest fuel efficiency available, based on vehicle type and within the designated price range as per Council Policy 'Vehicle Fleet Administration'.
 - g. For new buildings and refurbishments, where available, use renewable energy and technologies.
 - h. Where feasible positive social procurement and economic benefit are to be used as factors in determining purchasing decisions.

5. Purchasing Thresholds

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

Amount of Purchase	Quotation Requirements
Up to \$2,000	Direct purchase from suppliers requiring no quotations due to the minor and frequent nature of such goods. Verbal quotes can still be obtained particularly if a new supplier is involved.
\$2,000 to \$10,000	Direct purchase from suppliers requiring a minimum of 2 verbal quotations.
\$10,000 to \$50,000	Obtain at least 2 written quotations.
\$50,000 to \$250,000	Obtain at least 3 written quotations.

Amount of Purchase	Quotation Requirements
\$250,000 and above	Conduct a public tender process. The Chief Executive Officer may authorise Purchase Orders above this amount (\$250,000) without calling Tenders if the Tender threshold amount is amended by the State in the instance of an emergency.

5.1. Exemptions

At times it may be necessary to vary from the requirements of this Policy for a number of reasons including but not limited to:

- a. The need to engage short term staff to relieve existing staff when on leave.
- b. Legal expenses where a specific firm is considered to be the preferred provider of such services.
- c. Emergency situations as generally defined in Section 6.8 of the Local Government Act 1995.
- d. Urgent works such as electrical and plumbing repairs where immediate work is required to address a safety or operational issue.
- e. Consultations and attendance fees with Chief Executive Officer endorsed Aboriginal representatives.
- f. Member subscription services through WALGA or an authorised employee member service (e.g. Local Government Professionals) for matters such as conference attendance, training, insurance etc.
- g. Purchase via WALGA Preferred Supplier arrangements, with multiple quotes still sought from preferred suppliers where possible.
- h. Purchase of items where a sole source of supply exists because of the unique nature of the goods and services required (e.g. utilities, insurance etc.)
- i. Purchases made in accordance with an approved contract or agreement (e.g. joint operational agreements, loan repayments, lease payments, rental payments).

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 contracts of less than \$250,000, a Request for Tender process that entails all the procedures for tendering outlined in this policy is required to be followed in full.

In all instances of purchasing accurate record keeping is to be observed and in compliance with the Record Keeping Policies of the Town.

6. Definitions

6.1. There are no definitions relevant to this Policy.

7. Legislation

- 7.1. *Local Government Act 1995*
- 7.2. Local Government (Functions and General) Regulations 1996
 - Part 4 – Provision of goods and services
 - Division 1 Purchasing Policies
 - Regulation 11A Purchasing Policies for local governments

8. Other Relevant Procedures/Key Documents

- 8.1. Purchasing Authority Limits
 - a. Authority to sign purchase orders and invoices is limited to officers occupying the nominated positions.
 - b. In all instances the authorising officer should not also be the requesting officer, to ensure that a peer review can occur.
 - c. Orders for goods and services can only be issued if:
 - i. Provision has been made for the purchase in the annual budget;
 - ii. the expenditure must be incurred in a financial year before the adoption of the annual budget;
 - iii. the expenditure is authorised in advance by resolution of an absolute majority of Council where the expenditure is unbudgeted; or
 - iv. the expenditure is authorised in advance by the Mayor in an emergency where the expenditure is unbudgeted.

Officers holding the following positions are authorised to sign Purchase Orders and invoices relating to the provision of goods and services on behalf of the Town as follows:

Title	Purchase Order Limit	Comment
• Chief Executive Officer	\$250,000	The Chief Executive Officer is to sign Purchase Orders over \$250,000, where supported by a Council resolution that is awarding a Tender, or as otherwise permitted under this policy. The Chief Executive Officer may authorise Purchase Orders above this amount without calling Tenders if the Tender threshold amount is amended by the State in the instance of an emergency.

Title	Purchase Order Limit	Comment
<ul style="list-style-type: none"> • Directors • Manager Parks and Operations 	Limited to a maximum of \$150,000 per purchase order/invoice.	In practice these officers would arrange for the 3 written quotes for the goods or services to be procured, however the Chief Executive Officer would be required to sign off Purchase Orders between \$150,000 and \$250,000.
<ul style="list-style-type: none"> • Other Manager's not already listed • Events Coordinator • Coordinator Ranger Services • Coordinator Infrastructure 	Limited to a maximum of \$10,000 per purchase order/invoice.	Within departmental expenditure area.
<ul style="list-style-type: none"> • Coordinators not already listed • Senior Administration Officers • Building Administrator • Planning Administrator • Executive Services Officers • Team Leaders • Community Development Officer 	Limited to a maximum of \$2,000 per purchase order/invoice.	Within departmental expenditure area.

Council Policy Number:	POL/104	Council Adoption Date:	22/10/2024
Policy Area:	Corporate Services - Finance	Version Number:	V5
Responsible Officer:	Director Corporate and Community Services	Amendment Dates:	22/09/2020 23/02/2021 25/10/2022 28/02/2023 07/10/2024
		Next Review Date:	30/07/2025

Reference: *Council 2023-2033*
Priority Area: 6
Major Strategy: 6.2