



POLICY

Purchasing of Goods or Services

Policy Objective:

1. To provide probity and accountability for acquisition outcomes by ensuring compliance with the *Local Government Act 1995* and the *Local Government (Functions & General) Regulations 1996 (as amended)*.
2. To deliver value for money using a best practice approach to purchasing.
3. To advance the City's objectives in its social, economical and environmental strategies through it's purchasing.

Policy:

1. General

The Chief Executive Officer will undertake to ensure that compliance with legislative requirements is maintained and that procedures implemented are capable of withstanding scrutiny and provide appropriate transparency of the City's practices toward the procurement of goods and services. The Chief Executive Officer will undertake to put in place competent procedures and ensure that appropriately qualified staff and resources, together with training are provided in support of these procedures.

2. Value for Money

The City of Mandurah adopts a value for money approach, which allows the best possible procurement outcome to be achieved. It is the essential test against which all purchasing decisions must be justified. The level of effort expended to achieve value for money should always be commensurate with the nature of the purchase and the level of associated risk.

When considering what constitutes value for money, compliance with specification is the most important criterion, particularly taking into account user requirements, quality standards, sustainability, life cycle costing and service benchmarks, together with price considerations.

3. Sustainable Purchasing

The City recognizes that the procurement of goods and services that have less environmental and social impacts than competing products and services is aligned to its sustainability objectives. The City aims to lead by example and set a high benchmark for environmentally sustainable procurement practices. Considering the environmental and social impacts in goods and services procurement will contribute towards:

- managing risk to the broader environment from the purchase of goods and services;
- fostering the development of products and processes that have positive environmental and social impact;
- undertaking procurement in a manner that is consistent with the principles of sustainability; and
- providing an example to business, industry and the community in promoting the use of low environmental and social impact goods and services.

4. Open and Effective Competition

The City applies open and effective competition when purchasing goods and services in accordance with the following monetary thresholds for quotations and public tenders:

Monetary Threshold (excluding GST)	Purchasing Method Required
Up to \$9,999	Quotations not required if rates are reasonable and consistent with similar products (recommended that officers use professional discretion and occasionally undertake market testing to ensure best value for money is obtained)
\$10,000 – 49,999	Sufficient number of verbal or written quotations to be sought (preferably at least 3 quotations)
\$50,000 - \$99,999	Sufficient number of written quotations to be obtained (a minimum of 3 written quotations.) Where the quotations are to be evaluated on price only, the relevant Director is to approve the purchase
	Sufficient number of written quotations to be obtained (a minimum of 3 written quotations.) Where the quotations are to be evaluated on both price considerations and appropriate weighted qualitative criteria, at least 2 officers, one of whom is a Legal & Compliance officer, will evaluate the submissions and recommend a supplier
\$100,000 and above	Requests for Public Tender to be issued

5. Integrity, Ethics and Probity

All officers and employees of the City of Mandurah must observe the highest standards of integrity, ethics and probity in undertaking procurement activity and act in an honest and professional manner that does not compromise the standing of the City.

6. Records Management

Records associated with a direct purchase or a tender process must be created and retained in accordance with the City's Record Keeping Plan and policies, including enquiry and response, quotation records and evaluation documentation. The AOP – Purchasing of goods and services valued at less than \$100,000 contains a series of forms and templates for a request for quotation, verbal enquiries and evaluation which can assist with recording details of direct purchasing.

7. Authorisation of Requisitions and Orders

The CEO is authorised to sign orders for goods and services and may, as his or her discretion, approve officers to sign requisitions and orders for goods and services, together with set expenditure limits and other conditions as deemed necessary for each officer.

Procedure:

Originating Section: Legal and Compliance

Relevant Legislation: The Local Government (Functions and General) Regs 1996

Reviewer:

Delegated Authority: DA-CS 2.2 Tenders

Approved: 20 March 2007

28/3/07

Other References: Policy FS-PO5 – 'Buy Local' Regional Price Preference

Policy Manual

Title: DISPOSAL OF PROPERTY

OBJECTIVE

Disposal of Council property through legislative procedure and requirements.

POLICY STATEMENT

Under the provisions of section 3.58 of the *Local Government Act 1995*, a disposal of property for more than \$20,000 is required to be undertaken through state-wide advertising, unless exempted, eg tenders called within last six months not being successful etc.

Where the disposal of property is less than \$20,000, the Chief Executive Officer may at his discretion determine the method of disposal to be undertaken in accordance with the *Local Government Act 1995*.

Relevant Legislation:

Council Adoption Reference: Minute G.45/8/01, 21 August 2001

Reviewed:

Policy Manual

Title: CORPORATE CREDIT CARDS

OBJECTIVE

To allow optimum use of the Corporate Credit card for the benefit of the City of Mandurah whilst maintaining proper usage procedures.

POLICY STATEMENT

The City of Mandurah recognises the potential for the use of corporate or purchasing type credit cards (“credit cards”) to assist the Chief Executive Officer, Directors and other authorised staff when procuring goods or services in an official and authorised capacity.

Chief Executive Officer, Directors and other Authorised Officers

The Chief Executive Officer, Directors and other employees as authorised by the Chief Executive Officer may be issued with a credit card. The use of these credit cards will be in strict accordance within the authorised duties of the Chief Executive Officer, Directors or employees and following the requirements of normal purchasing processes as determined by the *Local Government Act 1995*, associated regulations or Council policy. The use of credit cards by duly authorised employees will be as approved by the Chief Executive Officer to those other authorised employees will be in accordance with established guidelines as determined by the Chief Executive Officer.

1. The credit card limit will be as determined by the Chief Executive Officer, taking into consideration changing circumstances and the scope of duties of the employee concerned.
2. The use of the credit card is strictly for authorised duties associated with expenses for the City of Mandurah. The card may not be used for personal expenses in any circumstances.
3. The Chief Executive Officer, Directors or other authorised employees will use the credit card in accordance with these guidelines and will be responsible for keeping the necessary records and providing appropriate verification by way of receipts for expenses incurred.
4. The Chief Executive Officer, Directors or other authorised employees will be responsible for signing monthly statements for use of the credit card, and where necessary, justifying expenditure by appropriate methods where receipts have not been obtained.
5. The Chief Executive Officer is responsible for approving credit card limits and shall ensure that the use of all approved cards is within the approval of this policy.
6. That guidelines be developed by the Chief Executive Officer and be approved by Council.

Relevant Legislation:

Council Adoption Reference: Minute G.45/8/01, 21 August 2001

Reviewed:

Policy Manual

Title: 'BUY LOCAL' REGIONAL PRICE PREFERENCE POLICY

OBJECTIVE

- ◆ To seek to maximise the use of competitive local and regional businesses in goods, services and works purchased or contracted by the City of Mandurah.
- ◆ To support local and regional businesses and industry, encourage employment of local people and generate economic growth within the Mandurah & Peel Region.

POLICY STATEMENT

1. The region this policy relates to includes the district of the City of Mandurah and the non-metropolitan Peel Region districts of the Shires of Murray, Boddington and Waroona.
2. A price preference will apply to all tenders invited by the City of Mandurah for the supply of goods and services and construction (building) services, unless Council resolves that this policy not apply to a particular tender.
3. The following levels of preference will be applied under this policy:-

Where purchase is less than < \$10,000 (excluding GST)

3% - to businesses located within the City of Mandurah

2% - to businesses located within the other non-metropolitan Peel Region Council districts

Where purchase is \$10,000 - < \$50,000 (excluding GST)

2.5% - to businesses located within the City of Mandurah

1.5% - to businesses located within the other non-metropolitan Peel Region Council districts

Where purchase is > \$50,000 (excluding GST)

2% - to businesses located within the City of Mandurah

1% - to businesses located within the other non-metropolitan Peel Region Council districts.

4. The maximum price reduction allowed for the levels of preference in paragraph 2 above will be \$50,000.

Relevant Legislation: Local Govt (Functions & General) Regulations 1996 Regulation 24E

Council Adoption Reference: Minute G.51/1/02, 22 January 2002

Reviewed:

5. The levels of preference outlined in paragraph 2 above, will only apply to businesses that have been located within the Mandurah or non-metropolitan areas of the Peel Region for at least six (6) months prior to the closing date of tenders.
6. Only those goods and services identified in the tender as being supplied locally or regionally (regardless of their origin) will be included in the discounted calculation that forms a part of the assessment of a tender.
7. It should be noted that price is only one factor to be considered when the City of Mandurah assesses tender submissions. Value for money principles will be used to achieve the best possible outcome for every dollar spent by the City. This is achieved by assessing all costs and benefits rather than simply selecting the lowest purchase price.

Relevant Legislation: Local Govt (Functions & General) Regulations 1996 Regulation 24E

Council Adoption Reference: Minute G.51/1/02, 22 January 2002

Reviewed:

POLICY

Selection Criteria for Major Procurements

Policy Objective:

1. To ensure the City achieves a high quality outcome for all tenders involving major works or purchases over the value of \$2 million.
2. To provide probity and accountability for acquisition outcomes by ensuring compliance with the *Local Government (Functions & General) Regulations 1996 (as amended)*.

Policy:

1. This policy sets out the following standard set of qualitative selection criteria and weightings that will be applied to all tenders involving major works or procurement of goods or services in excess of, or expected to be in excess of, \$2 million.

Description of Qualitative Criteria	Weighting
<p><u>Relevant Experience:</u></p> <p>(a) Demonstrate experience and skill in all aspects of the construction of projects of a similar nature displaying high quality outcomes. With emphasis on provision of similar facilities and construction practices as detailed in the specification.</p> <ul style="list-style-type: none"> • Provide details of each project including, building and construction details, project budget and facilities provided; • Please include photo records and location details of each project; • Provide scope of the Tenderer's involvement including details of outcomes; • Demonstrate competency and sound judgement, and • Any additional information. 	25%
<p><u>Technical Skills & Experience of Key Personnel:</u></p> <p>(b) Demonstrate Tenderer's key personnel's experience in completing similar projects/works/supply of similar goods, their skills and experience to be used on this projects/services, including as a minimum:</p> <ul style="list-style-type: none"> • Their role in the performance of the Contract; • Qualifications, with emphasis on the experience of personnel in projects of a similar requirement including references; and • Any additional information. 	25%

<p><u>Resources:</u></p> <p>(c) Tenderers should demonstrate their ability to supply and sustain the necessary resources, including:</p> <ul style="list-style-type: none"> • Personnel; • Subcontractors, including a list of all subcontractors to be used in this project, their role in this project and their level of skills and experience and qualifications of key personnel, with emphasis on the experience of personnel in projects of a similar requirement including references; • Plant, equipment and materials; • Any contingency measures or back up resources; • Supply of a provisional construction program demonstrating compliance with the requirements of the Contract (where applicable); and • Any other information. 	25%
<p><u>Methodology:</u></p> <p>(d) The Tenderer is to provide an overview of its methodology and approach to carrying out the works by providing:</p> <ul style="list-style-type: none"> • A construction programme demonstrating how the contract timeframe will be met (where applicable), including key performance indicators; • Reporting and recording systems to be used; • A brief written construction methodology; • A summary of the key risks that may impact on how the works are delivered; • Warranties or guarantees provided; and • Any other information. 	25%
<p>2. In the event that different selection criteria or weightings are required for a major procurement, a report recommending the criterion and weighting to be used will be prepared for Council consideration.</p> <p>3. Should there be a need to have a large procurement process independently audited, the CEO will appoint WALGA, or another appropriate person or organization, to undertake a probity audit of the tender or the evaluation process used for that tender</p>	
<p>Procedure:</p>	
<p>Originating Section: Procurement and Governance Services</p> <p>Reviewer:</p> <p>Approved: G.37/7/09</p>	<p>Relevant Legislation: <i>The Local Government (Functions and General) Regulations 1996</i></p> <p>Delegated Authority:</p> <p>Other References: Policy – FS-PO1 – Purchasing of Goods & Services</p>