

## Shire of Mundaring

# POLICY

### PURCHASING AND TENDERS

<b>Policy Ref:</b>	<b>AS-04</b>		
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<b>Procedure Ref:</b>	N/A	<b>Delegation Ref:</b>	N/A
<b>Statute Ref:</b>	<i>Local Government Act 1995</i>		
	<i>Local Government (Functions and General) Regulations 1996</i>		
<b>Local Law Ref:</b>	N/A		

### PURPOSE

To comply with the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996* whilst ensuring delivery of a best practice approach and consistency for all purchasing activities.

### POLICY

#### Value for Money

Value for money is an overarching principle governing purchasing that allows the best possible outcome to be achieved for the Shire of Mundaring for procurement of goods and services.

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

- 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;
- Financial viability and capacity to supply without risk of default (competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history); and
- Competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable.

Achieving best value for money at the individual purchase level requires that in its assessments, the Shire considers cost and non-cost factors, where relevant, and makes a value judgement about the best outcome. The value for money test may vary in

complexity depending on the nature of the purchase, ranging from a simple price assessment for low value highly commoditised goods or services, through to a detailed assessment and comparison of cost and non-cost factors.

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

The assessment of cost needs to consider any ongoing costs that may accrue beyond the initial price, including the associated costs of holding, using, maintaining and disposing of the goods or services.

## **Sustainability Principles**

Sustainable procurement can minimise the Shire's environmental impacts as well as benefit society and the natural environment, and reduce overall operating costs. The Shire should consider procurements that will deliver the best value for money outcome through reduced greenhouse emissions, improved energy efficiency and support for the use of recycled and recyclable goods.

The Shire of Mundaring is committed to the sustainability principles developed for its community and where appropriate shall endeavour to design quotations and tenders to provide an advantage to goods, services and/or processes that meet these principles.

## **Purchasing Thresholds**

<b>Monetary Threshold</b>	<b>Purchasing Method</b>
Up to \$5,000	Direct purchase.
\$5,001 - \$19,999	One written or verbal quotes
\$20,000 - \$99,999	Three written quotes
\$100,000 and above	Open Tender

For the purchase of goods and services, the following thresholds and procedures are to be followed:

1. Up to but not exceeding \$5,000 for all goods and services:
  - source of purchase to be at the employee's discretion after consideration of value for money and sustainability principles; and
  - the supplier shall be provided with a completed order form.

From \$5,000 to \$19,999 for all goods and services:

- one written quotation is required after consideration of value for money and sustainability principles; or one verbal quotation, where the preferred supplier has been appointed under a Registration of Interest process and fixed rates have been supplied;
- sufficient information has been provided to the supplier to ensure that the quotation is sufficient for the performance of the task; and

- the successful supplier shall be advised in writing and be subject to any specific terms and conditions.
3. From \$20,000 to \$99,999 for all goods and/or services:
- three written quotations are required;
  - written specifications shall be prepared to ensure that all parties are quoting on exactly the same product or service;
  - a written summary note containing details of quotations received and reasons for selecting the successful supplier shall be attached to the payment requisition request;
  - unsuccessful suppliers shall be advised in writing; and
  - the successful supplier shall be advised in writing and be subject to any specific terms and conditions.
4. \$100,000 and above for goods and/or services:
- a public tender process as required by the *Local Government Act 1995* and *Local Government (Functions and General) Regulations 1996*;
  - written specifications shall be prepared to ensure that all parties are quoting on exactly the same product or service;
  - unsuccessful suppliers shall be advised in writing; and
  - the successful supplier shall be advised in writing and be subject to any specific terms and conditions.

Where it is considered beneficial, tenders may be called in lieu of seeking quotations for purchases under the \$100,000 threshold (excluding GST). If a decision is made to seek public tenders for contracts of less than \$100,000, a Request for Tender process that entails all the procedures for tendering must be followed in full.

Variations to the above practices may only occur, except for public tendering:

- a) for goods or services where there is only one source of supply; or
- b) for goods or services where it is impracticable to obtain more than one quotation and the documentation shall be presented to the relevant Director for approval before an order is issued.

When requesting a quote from a business, only the original quote will be considered. Employees are not to engage in “bartering” activities, playing one business off with another in order to gain the best price.