Council Policy

Procurement Framework

POLICY OBJECTIVES

To ensure the procurement functions of the Shire of Narembeen are statutorily compliant and in line with the principles of the Council.

POLICY SCOPE

This policy applies to all Shire employees involved in procurement processes.

POLICY DETAIL

The procurement of goods and services for the Shire of Narembeen is a critically important business process. All Shire employees involved in procurement practices must have regard for the Shire's Code of Conduct requirements and display the highest standards of ethics and integrity, acting in an honest and professional manner at all times.

The Chief Executive Officer (CEO) must develop executive policies and procedures to ensure the Shire's procurement practices are legislatively compliant, specifically meeting the requirements set out in the Local Government (Function and General) Regulations 11-24AJ, and adhere to the Council's overarching principles, as detailed below:

1. **Best Value** – employees shall balance factors such as price, quality, timeliness of service, experience, lifetime management costs and other relevant selection criteria to ensure best value for the Shire

The table below summarises the purchasing and quotation requirements at different consideration value thresholds:

Consideration Value	Minimum Quote Requirements	Minimum Assessment Requirements
Up to $1,500	One verbal quote. A purchase order is considered evidence of the verbal quote received.	One employee
$1,500 to $7,499	One written quote	
$7,500 to $29,999	*Request two written quotes, receive at least one quote.	
$30,000 to $49,999	*Request three written quotes, receive at least two quotes.	Two employees
$50,000 to $249,999	Three quotes with formal quote process and pre-determined selection criteria	
$250,000 and above	Tender or WALGA eQuote unless classified as tender exempt – see Executive Policy – Tender Management	A responsible manager and one other employee.

*Staff must record evidence of all efforts to seek quotes as well as quotes in the Council's procurement system.

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Exemptions

1. Quote Exemptions

When seeking an exemption from using the required quote or assessment process, employees must submit a request in writing to the Chief Executive Officer (CEO) or the Executive Manager Corporate Services (EMCS). The CEO and EMCS must not exempt their own transactions and should receive approval from each other for exemptions to apply i.e. the EMCS is required to approve exemptions relating to the CEO and vice versa. As an example, the CEO or EMCS may accept exemptions when:

- An emergency exists
- It is well established that only one supplier will be able to perform the work, given the Shire's remote nature.
- Delays caused by meeting the purchasing requirements or the cost of obtaining quotes might create a significant financial penalty for the Shire.
- Vehicles are under warranties requiring genuine parts and it can be established that only one provider is able to deliver genuine parts to the area.

2. Fuel Exemptions

Fuel is a tender exempt item under Local Government (Functions and General) Regulations 1996 11(g). As such the Shire's purchasing of bulk fuel will follow an alternate process whereby, each time bulk fuel is required the Works Manager will email three bulk fuel providers and request a written price per litre by a specific date. The Works Manager is authorised to assess and authorise the purchase of bulk fuel regardless of the purchase value.

The purchase of unleaded fuel from the Narembeen Roadhouse is also an exempt purchase. When purchasing fuel, employees must clearly write on the roadhouse receipt - their name, a description of the equipment or a licence/plant number, and where applicable a job/GL number.

Any employees found to be abusing the nature of this exemption will receive immediate disciplinary action.

3. Courier Exemption

Given the rural/remote nature of Narembeen, an exemption is being applied to courier/freight services. At this time the town only has Cody Express and Toll that will delivery to town and have service agreements in place with local drop off points.

The supply of courier services is deemed to be contract and quote exempt so the purchasing officer is able to choose whichever supplier is able to meet their delivery requirements without encountering operational inefficiencies by searching for quotes.

4. Sole Supplier Exemption

The below table outlines the list of known sole supplier arrangements in place at the Shire where quotations or contracts are not required:

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Company	Good or Service Provided	Reason for exemption
Telstra	Phone or Internet Services	This is the only provider with service within the Shire
Synergy	Electricity	Sole supplier
Water Corporation	Water	Sole Supplier
Narembeen Post Office	General Postal Services	It is impractical and implausible to use another town's post office and essentially Australia Post is a sole supplier for postal services.
Landgate	Rates Valuations and other land enquiry services	Sole Supplier
WALGA	Subscriptions and councillor training	Industry body supplier
LGIS	Insurance and insurance related services	Although other insurance suppliers exist they do not offer the same level of local government specific services available through LGIS. As such they are being deemed a sole supplier.
IT Vision	Financial Management Software provision	Although a number of Local Government Financial Management system providers exist, the Shire has implemented the Synergy Soft system through IT Vision a number of years ago. It is unfeasible to change this sort of system on a regular basis given the large amount of data contained within the system. As such Annual Licences etc. with IT Vision are to be classed as sole supplier as they are the only company able to provide a licence for the Synergy Soft system.

Other organisations may be given a sole supplier exemption by the Chief Executive Officer, however a sole source of supply arrangement may only be approved where:

- The purchasing requirement has been documented with a detailed specification
- The specification has been market tested and only one potential supplier has been identified as being capable of meeting the specified purchase requirement
- The market testing process and outcomes of supplier assessments have been documented and provided to the CEO, inclusive of a rationale for why the supply is determined as unique and cannot be sourced through more than one supplier.

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Market testing must be conducted at least once every three years to confirm the goods or services required cannot be sourced elsewhere, where possible employees should look to establish a contractual arrangement with suppliers.

1. **Uniformity** – suppliers, contractors and persons dealing with the Shire must be treated consistently in a fair and equitable manner
2. **Accountability** – any policy put in place by the CEO must ensure procurement decisions are open and transparent to ensure full accountability can be taken for purchasing decisions and the efficient use of Shire funds. Records of all procurement based activities must be retained in compliance with the State Records Act 2000 and the Shire's record keeping plan.
3. **Full disclosure** - any actual or perceived conflicts of interest must be identified, disclosed and appropriately managed
4. **Confidentiality** - Any information provided to the Shire by a supplier shall be treated as commercial-in-confidence and must not be released unless authorised by the supplier or relevant legislation.
5. **Local Economy** – whilst consideration must always be given to principle one (Best Value), Shire employees should seek where possible to engage in procurement practices to promote local economic development.
6. **Organisational Awareness** – all employees undertaking procurement activities must be adequately trained on how to conduct themselves
7. **Method** – where possible the Shire's procurement should be conducted by way of an electronic transaction with full accountability such as EFT or credit card. The CEO must ensure policies govern all payment methods to ensure they are fully traceable, accountable and auditable.
    - The CEO must develop suitable executive policies to govern the various purchasing methods to ensure adequate controls and authorisation processes are in place so all transactions can be clearly identified as being for legitimate business purposes in line with the Local Government (Financial Management) Regulations 11, 12 and 13.
8. **Authority** – the purchasing authority of senior officers is set by this policy, as shown below, the purchasing authority of all other officers is to be determined by the CEO but no purchasing authority given by the CEO can be in excess of $25,000.
    - CEO Purchasing Authority - $250,000
    - Executive Manager Corporate Services Purchasing Authority - $100,000
    - Works Manager Purchasing Authority - $100,000
9. **Council Working Group** –The use of a councillor working group may be considered to help establish key quote criteria and performance requirements for certain projects. These groups may also help to review quotations to aid the CEO or Council in their decision-making process.

DEFINITIONS

Procurement – the overarching function that describes the activities and processes to acquire goods and services. Importantly, and distinct from "purchasing", procurement involves the activities involved in establishing fundamental requirements and criteria, sourcing suppliers, conducting tenders, developing performance standards, performance evaluation and negotiation of contracts. It also includes purchasing activities required to order and receive goods.

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RELATED LEGISLATION

Local Government Act 1995
State Records Act 2000
Local Government (Functions and General) Regulations 1996
Local Government (Financial Management) Regulations 1996

OTHER RELATED POLICIES/KEY DOCUMENTS
Executive Policy – Purchasing Goods and Services

DELEGATED AUTHORITY
Delegated Authority 01 – Payments from Municipal and Trust Funds

REVIEW DATE
16 August 2022

HISTORY

Adopted:	17 July 2019	MIN:	6887/19
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