
1.68 Purchasing Policy

Policy Owner	Executive Director Corporate & Commercial Services
Responsible Officer	Manager Finance
Date of Approval	20/05/2008
Amended	22/10/2024

Objective

1. The Purpose of this policy is to guide the City's purchasing activities and procurement decisions to:
 - a. achieve the best value for money in its procurement;
 - b. apply fair and equitable competitive purchasing processes that engage potential suppliers impartially, honestly and consistently;
 - c. consider sustainable benefits, such as environmental, social, and local economic factors to contribute to a more sustainable and equitable future;
 - d. ensure compliance with the Local Government Act 1995, the associated regulations as well as this policy.
 - e. ensure consistency for all purchasing activities that integrates within all the City of Albany operational areas.

Scope

2. This Policy applies to all staff involved with the purchase of goods and services on behalf of the City of Albany.
3. The City of Albany's Code of Conduct applies when undertaking purchasing activities and requires staff to act efficiently, carefully and honestly with due authorisation and without misappropriation to uphold the values and integrity of the City.

Strategic Context

4. This Policy relates to the following elements of the City of Albany Strategic Community Plan and Corporate Business Plan:
 - a. Pillar: Leadership. Outcome: Strong workplace culture and performance.
 - b. Pillar: Leadership. Outcome: A well informed and engaged community.
 - c. Pillar: Planet. Outcome: Shared responsibility for climate action.
 - d. Pillar: Prosperity. Outcome: A strong, diverse, and resilient economy with work opportunities for everyone.

Procurement Requirements

Procurement Value Practices and Thresholds

5. The table below outlines the purchasing practices and thresholds required to be adhered to by City Officer's when purchasing on behalf of the City:

Category	Estimated Purchase Value Threshold (ex GST)	Purchasing Practice and Thresholds
Minor Purchase	Up to \$2,000	No requirement for quotation. Direct purchase driven by value for money considerations.
Minor Quotation	From \$2,001 and Up to \$5,000	Obtain at least one (1) written quotation that represents value for money.
Intermediate Quotation	From \$5,001 and up to \$50,000	Obtain at least two (2) written quotations. The purchasing decision is to be based upon assessment of the suppliers' response to: <ul style="list-style-type: none"> a brief outline of the specified requirement for the goods, services or works required; and Value for Money considerations, not necessarily the lowest price.
Major Quotation	From \$50,001 and up to \$250,000	Obtain at least three (3) written responses, by invitation under a formal Request for Quotation process administered by the Procurement Team The purchasing decision is to be based upon assessment of the suppliers' response to: <ul style="list-style-type: none"> a detailed written specification for the goods, services or works required; and pre-determined selection criteria that assess all best and sustainable value considerations.
Major Purchase (Tenders)	Over \$250,000	Public Tender, under a formal Request for Tender process administered by the Procurement Team To be undertaken in accordance with the <i>Local Government Act 1995, the Local Government (Functions and General) Regulations 1996</i> and relevant City of Albany Policy and procedures. The purchasing decision is to be based on the suppliers' response to: <ul style="list-style-type: none"> a detailed written specification for the goods, services or works required; and pre-determined selection criteria that assess all best and sustainable value considerations.

Procurement from Existing Contracts

6. Where the City has an existing contract (including panels) in place, it must ensure that goods and services required are purchased under these contracts to the extent that the contract (including the scope) allows. Officers must refer to the City's Contracts Register in the first instance before seeking to obtain quotes and/or Tenders.

Exemptions

7. The City is exempt from publicly inviting Tenders when procurement meets any of the requirements outlined under Regulation 11(2) of the Functions and General Regulations 1996. This includes but is not limited to:
 - a. The supply of the goods or services is to be obtained from expenditure authorised in an emergency under section 6.8(1)(c) of the Act.
 - b. The supply of the goods or services is to be obtained through the WALGA Preferred Supplier Program.
 - c. The contract is to be entered into by auction after being expressly authorised by a resolution of the council of the local government.
 - d. 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.
 - e. The goods or services are to be supplied by an Australian Disability Enterprise.
 - f. The goods or services are to be supplied by a person registered on the Aboriginal Business Directory WA or registered with the Australian Indigenous Minority Supplier Office Ltd where the consideration under contract is worth \$250,000 or less and represents value for money.
8. Furthermore, if a good or service falls into one of the below categories and the purchase value is under the Tender threshold of \$250,000 (over the life of the Contract), and every effort to achieve value for money is made, the procurement is exempt from the requirements in the Procurement practices and thresholds table (Item 5):
 - a. Sourcing labour hire personnel (noting the sourcing of labour hire follows processes administered by the People & Culture department ensuring fair and equitable recruitment practices are adhered to).
 - b. Advertising services, including mandated state-wide public notices, and digital advertising (for example, Seek, Facebook, LinkedIn, or Google).
 - c. Purchasing of training services or training courses administered by the City's People & Culture or City Operations departments.
 - d. Conferences and seminars.
 - e. Annual memberships and subscriptions. For example, WALGA, LG Professionals, or LGIS.
 - f. Non-contestable utility services.
 - g. Original Equipment Manufacturers (OEMs) servicing and/or parts where warranty may be void.
 - h. Artists for festivals and events where it can be demonstrated that the act has appropriate artistic merit, and the decision is consistent with the purpose and intent of the event and have no conflicts of interest. The decision is to be approved by the relevant Executive Director.
 - i. Sponsorships or donations where the decision has been approved by the relevant Executive Director.
 - j. Software maintenance, support or the renewal of licensing fees.

Non-Adherence to Purchasing Policy

9. Where quotes are not possible and the total expenditure is expected to fall under the tender threshold, a non-conforming file note (“NCFN”) is required. The NCFN is to detail written justification for not meeting the protocol and is to be authorised by a member of the City’s Executive Management Team, at their discretion, prior to the purchase proceeding.
10. If a purchase is under the Tender threshold and is of a unique nature that can only be supplied from one supplier, the purchase is permitted without having to undertake a quotation process and a NCFN is required to be completed. This is only permitted in circumstances where the City is satisfied and can evidence that there is only one source of supply for those goods or services. The City must use its best endeavours to determine if the sole source of supply is genuine by exploring if there are any alternative sources of supply. An arrangement of this nature will only be approved for a period not exceeding one year. For any continuing purchasing requirement, the approval must be re-assessed before expiry, to evidence that only one potential supplier still genuinely exists.
11. If a genuine effort is made to achieve the required number of quotes, and the City does not receive the required amount from suppliers, a NCFN is required.
12. Time constraints, poor planning, administrative omissions and errors do not justify a purchase under a NCFN. Every effort must be made to research and anticipate purchasing requirements in advance to allow sufficient time for planning and scoping proposed purchases and undertaking the relevant procurement process, as applicable.
13. All NCFNs are to be captured in the City’s NCFN Register and will be reported bi-annually to the City’s Executive Management Team.

Anti-Avoidance

14. The City shall not enter into two or more contracts or create multiple purchase order transactions of a similar nature for the purpose of "splitting" the value of the purchase or contract to take the value of the consideration of the purchase below a particular purchasing threshold, particularly in relation to Tenders and to avoid the need to call a public Tender. This principle applies to all purchase threshold levels.

Separation of Duties

15. Separation of duties enables an organisation to mitigate the risk of fraud and misappropriation (committing Local Government funds to purchase items of a non-business nature). The principle of separation of duties is to ensure that no individual can both commit funds and approve payments within any given procurement activity. Where possible, City officers should enact separation of duties from a purchasing perspective.
16. The City has taken the following positions:
 - a. Employees who create purchase orders in the finance system must not have access to add or change supplier account records.
 - b. Employees who enter accounts payable invoices must not approve payment of those invoices - an employee independent of the invoice entry process must approve invoice payments.

Sustainable Procurement

17. At the City of Albany, we recognise the critical role of Environmental, Social, and Governance (“ESG”) factors in driving sustainable business practices.
18. This purchasing policy integrates ESG considerations into procurement to promote sustainability and social responsibility throughout our supply chain, while creating value for the City of Albany's residents and the environment, in collaboration with our suppliers and stakeholders, for a more sustainable and equitable future.
19. By prioritising suppliers and partners who demonstrate strong ESG practices, we aim to mitigate risks, foster long-term resilience, and contribute positively to society and the environment. This strategic approach not only aligns with our corporate values but also reflects our dedication to driving positive change throughout our supply chain and beyond.

20. Through the systematic integration of ESG considerations into our purchasing process, we affirm our commitment to sustainable development and ethical business practices, ultimately enhancing value creation for all stakeholders.
21. For purchases greater than \$50,000, it will be mandatory that ESG is an evaluation criterion when assessing submissions from suppliers, with a maximum assessment weighting of 5%. Although not mandatory, the ESG principles in this policy can apply to purchases under \$50,000 and should be applied wherever possible.

Panels of Pre-Qualified Suppliers

22. The City may establish Panels of Pre-qualified Suppliers in instances where goods or services are required on a continuing basis and multiple suppliers are warranted due to the volume of work and/or the capacity of suppliers in the relevant field.
23. Factors to be considered by the City when establishing a panel of pre-qualified suppliers would include (but are not necessarily limited to) circumstances where:
 - a. There are numerous potential suppliers in the local and regional market sector/s.
 - b. The purchasing activity under the intended Panel is assessed as being of a low to medium risk.
 - c. The Panel will streamline and improve procurement processes.
 - d. The City has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.
24. Should the City determine that it is beneficial to create a Panel, it must do so in accordance with Part 4, Division 3 the Local Government (Functions and General) Regulations 1996. This ensures that clear and consistent information is communicated to all suppliers, including selection criteria, conditions of contract, specifications, and price schedules (as required).
25. Pre-Qualified Suppliers will be appointed to the Panel based on their suitability to provide the goods and/or services as per the weighted evaluation criteria. The number of suppliers appointed to a Panel will be dependent on requirements.
26. To satisfy Regulation 24AD(5) of the Regulations, when establishing a Panel, the detailed information associated with each invitation to apply to join the Panel must either prescribe whether the City intends to:
 - a. Purchase goods and services exclusively from any pre-qualified supplier appointed to that Panel, and under what circumstances.
 - b. Purchase goods/services from pre-qualified suppliers on the Panel as per the contracted Schedule of Rates; or
 - c. Obtain quotations from each pre-qualified supplier on the Panel with respect to all purchases.
27. In every instance, a contract must not be formed with a pre-qualified supplier for an item of work beyond 12 months, which includes options to extend the contract.

Personal Rewards or Loyalty Programs

28. Public sector guidelines on gifts, benefits and hospitality require that purchases should not be used to gain private advantage through the transaction.
29. If the purchase from a supplier has an associated reward or loyalty scheme, any benefits of the scheme shall be the property of the City of Albany. Under no circumstances is the reward or loyalty scheme to be used for the employee's personal benefit.

Contract Variations

30. Where a contract variation is required, the contract can only be varied if it is necessary in order for the goods/services to be supplied and does not change the scope of the contract (Refer 21A. Local Government (Functions and General) Regulations).

31. When considering contract variations, any variation must also be identified as not to have affected the outcome of the initial procurement process in the view of both a reasonably skilled and experienced person having relevant expertise in the specific industry or type of work.
32. For all contract variations, a formal variation agreement must be completed. This agreement must be signed by a person with appropriate delegation and authorisation.

Records Management

33. Purchasing decisions are to be documented and evidenced in accordance with the City of Albany's Record Keeping Plan.
34. All records associated with all purchasing categories will be recorded and retained in line with the provisions of the State Records Act 2000, including:
 - a. Tender documentation;
 - b. Internal documentation;
 - c. Evaluation documentation;
 - d. Enquiry and response documentation;
 - e. Notification and award documentation;
 - f. Quotation documentation;
 - g. File Notes; and
 - h. Purchase Orders and requisitions.

Legislative Context

35. This policy provides compliance with the Local Government Act 1995 (the Act) and the Local Government (Functions and General) Regulations 1996 (the Regulations).
36. Under the Local Government (Functions and General) Regulations 1996, Regulation 11A outlines the requirement for Local Governments to prepare or adopt, and to implement, a purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250,000 or less or worth \$250,000 or less.

Review Position and Date

37. This policy is to be reviewed by the document owner every two years.

Associated Documents

38. The following documents that have a bearing on this policy and that may be useful reference material for users of this policy:
 - Local Government Act 1995
 - Local Government (Functions and General) Regulations 1996
 - City of Albany Strategic Community Plan
 - City of Albany Corporate Business Plan
 - City of Albany Register of Delegations & Authorisations
 - Tender Procedure
 - Quotation Procedure
 - Evaluation Procedure (Tenders and Quotes)