

STATEMENT

In order to comply with the Local Government Act 1995 and the Local Government (Functions and General) Regulations as amended, the Resource Recovery Group (RRG) has developed a Purchasing Policy to ensure a best practice approach to internal purchasing.

SCOPE

This Policy applies to all employees.

OBJECTIVES

- To provide compliance with the Local Government Act 1995 and the Local Government (Functions and General) Regulations as amended.
- To deliver a best practice approach and procedures to internal purchasing for the RRG.
- To ensure consistency for all purchasing activities that integrates within all the RRG's operational areas (Business Units).
- All staff are to comply with the policies and procedures of this policy
- Goods and services purchased must only be for the use of the RRG. Purchases must not be made for private use.

DEFINITIONS

Direct Sourcing – means identifying a supplier and making a purchase

Preferred Suppliers – includes: RRG Preferred Supply Panel Contracts, WALGA panels and State Govt CUA

ROLES & RESPONSIBILITIES

Chief Executive Officer

The Chief Executive Officer is responsible for ensuring that the appropriate purchasing policy and procedures exist for the organisation and the purchasing delegations are strictly adhered to.

CONTENT

1. Principles

There are four principles which apply to procuring goods and services.

1.1 The Economic Principle - the need to achieve best value for the RRG by considering the true cost of the acquisition including:

- i. Price
- ii. Suitability for purpose/compliance with specifications
- iii. Compatibility (if it is a requirement)
- iv. Cost of delivery and installation
- v. Timeliness of goods and services
- vi. Operating costs (service life, maintenance and energy)
- vii. Service history of supplier and product
- viii. Cost of disposal

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"Life Cycle Costing" should apply in the procurement of goods and services for the RRG. Life cycle costing includes the total cost of the item or service over its lifetime through to its eventual disposal and replacement. (Productivity cost should also be a factor)

- 1.2 The Ethics Principle - the need to conduct business in a fair, honest, impartial and ethical manner. Staff with purchasing authority shall disclose any interest of conflicts and whenever possible disqualify themselves from dealing with those persons.
- 1.3 The Environmental Principle - the need for reduced effect on the environment. Consideration is to be given to the purchase of recycled and environmentally sustainable products wherever practical.
- 1.4 Occupational Health & Safety Principle - It must also be ensured that goods and services obtained, comply with Occupational Health & Safety specifications and standards

2. Responsibility for Purchasing Functions

- 2.1 Purchasing at the RRG is decentralized, empowering business units to purchase and receipt their own goods and services. Business units must comply with these purchasing policies and any internal procedures.
- 2.2 It is generally accepted in Australia that purchasing by publicly funded authorities is subject to certain constraints, which may be summarised as follows:
 - i. the purchasing system shall be designed to provide the best value for money;
 - ii. the procedures used must be, and must be believed to be, able to withstand public scrutiny;
 - iii. all suppliers who wish to participate in the business of such authorities shall be given, within reasonable limits, the opportunity to do so;
 - iv. purchasing procedures shall ensure open competition and no individual supplier shall be given advantage over others.

3. Approval to Purchase

- 3.1 The Local Government Act 1995 and its regulations as well as this policy must be complied with when considering purchasing goods and services for the RRG.
- 3.2 The RRG adopts its **annual budget** at the commencement of each financial year. s6.2 LGA

The annual budget is to include particulars of the estimated expenditure proposed to be incurred s6.4(a) LGA

4. Purchasing Delegation

- 4.1 Only authorised delegated officers are permitted to purchase goods and services. The limit to which an employee can approve a purchase is that specified in the "Purchasing Delegations List". Delegated officers have a responsibility to ensure compliance with RRG purchasing policies and procedures.

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5. Environmental Purchasing Strategy

- 5.1 Every opportunity shall be taken to purchase recycled, recyclable, energy efficient and other environmentally sustainable products, wherever practical, to minimize their impact on the environment.
- 5.2 RRG will demonstrate to the community that the organisation's purchasing decisions can improve markets for recycled products, enhance environmental quality and be resource responsible.
- 5.3 Consideration is to be given to the purchase of recycled and environmentally sustainable products whenever they perform satisfactorily and are available at a reasonable price.
1. Environmentally sustainable products are products that don't have a negative impact on human health and the environment when compared with competing products. This comparison may consider the source of raw materials, production, manufacturing, packaging, distribution, potential for reuse and recycling, operation, maintenance, or disposal of the product
 2. Recycled materials are materials that have been reprocessed from recovered material by means of a manufacturing process and made into a final product or into a component for incorporation into a product.

6. Quotation and Tender Requirements

6.1 Purchasing Thresholds

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

Expenditure Thresholds ex GST	Purchasing Requirements	Purchasing Method
< \$ 5,000T	Direct Sourcing requires one(1) verbal or written quote)	Purchasing Card or Purchase Order
\$5,000 - \$10,000	One (1) written quote	Purchase Order
\$ 10,001 - \$50,000	Two (2) written quotes (or 1 written quote from Preferred Suppliers)	Purchase Order
\$50,001 –\$249,999	Two (2) written quotes	Purchase Order or Contract
> \$250,000	Public Tender Process (or 2 written quotes from Pre-qualified or WALGA panel Suppliers)	Purchase Order or Contract

Record keeping requirements must be maintained in accordance with this policy.

All employees are expected to demonstrate due diligence seeking quotes and to comply with any record keeping and audit requirements.

6.1 The general principles relating to verbal quotations are:

- Ensure that the requirement/specification is clearly communicated to the supplier.

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- Ensures the RRG and the supplier have clearly agreed the purchase order value for committed expenditure.
- Written notes detailing each verbal quotation must be recorded.
- Where it is not practical e.g. due to limited suppliers, urgency of work, it must be noted through records relating to the process.
- Raising of a requisition and purchase order and noting the requested good/service and quoted amount must be issued to the successful supplier prior to commencing the work or service.
- Invitations to submit quotations or tenders shall request that prices be submitted including the Goods and Services Tax.

6.2 The general principles relating to written quotations are:

- An appropriately detailed specification should communicate requirement(s) in a clear, concise and logical fashion.
- Ensures the RRG and the supplier have clearly agreed the purchase order value for committed expenditure.
- The request for written quotation should include as a minimum:
 - Written specification
 - Price Schedule
 - Terms and conditions
- Where it is not practical e.g. due to limited suppliers, urgency of work, it must be noted through records relating to the process.
- Invitations to submit quotations or tenders shall request that prices be submitted including the Goods and Services Tax.
- recordkeeping requirements, e.g. Purchase order has to be generated from SAP System and electronic version of purchase order will be retained in SAP and be referenced during payment approval vouchers and retention schedules.

6.3 The general principles relating to Tenders are:

- All tendering procedures from planning to contract award, shall be undertaken in a manner so as to ensure:
 - Sufficient time is given to plan and run the process
 - Equal opportunity and equal treatment
 - Openness and transparency
 - Probity
 - Outcomes that deliver sustainability, efficiency and cost savings (where appropriate).

For record keeping requirements, as this process is a more formal procedure, refer to the RRG Procurement Standard and Guidelines for the content and format of tenders prior to issue.

Note: Any goods and services may be supplied through a public tender process in order to provide fair and open competition. Public tenders are to be advertised in accordance with the Local Government Act.

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6.4 Waiver of Quotation

Where quotes are not practical eg due to limited suppliers or urgency of the requirement precludes normal purchasing action, justifiable reasons must be in written form by the purchaser and approved by the employee within their delegated value limitations.

7. Panel of Pre-Qualified Suppliers

The RRG manages a business activity that requires regular goods and services from a multi-disciplined resource of experienced and skilled contractors and consultants and requires a panel of suppliers on hand to immediately respond to its business needs.

In some incidences the procurement process of open tenders and quotes for routine work can disrupt service and therefore the appointment of panels will meet the following:

- the RRG has determined that a range of similar goods and services are required to be procured on a continuing and regular basis;
- Panels will streamline and will improve procurement processes; and
- the RRG has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

7.1 The establishment of Pre-qualified suppliers to supply particular goods or services is in accordance with Part 4 Division 3 -- Panels of pre-qualified suppliers of the Local Government (Functions & General) Regulations.

7.2 To establish a panel, there must be a continuing need for the particular goods or services to be supplied.

7.3 The procuring of goods or services from a panel of pre-qualified suppliers shall be as follows:

- Develop a ranking system for pre-qualified suppliers that best demonstrate their ability to deliver the goods or services to the expected standard at a competitive price,
- The best ranking supplier will have first opportunity to provide the goods or services and if not accepted will go to the next best ranking supplier.
- A quotation or cost and work estimation may be required from one or more suppliers where the value exceeds the Pre-qualified supplier purchasing threshold for individual goods or services'
- A written contract not exceeding 12 months term may be provided to the supplier depending upon the nature and complexity of work,
- A purchase order must always be raised for work itemising the work requirements and estimated value. (A standing purchase order not exceeding 12 months may be issued for regular goods or services based on estimated requirements and quoted prices)

7.4 The following detailed information is to be prepared and included in a Request For Tender (RFT) to join a panel of pre-qualified suppliers for a particular goods or services:

- A panel may be divided into different categories or sub-panels to reflect the different types of goods or services required, especially if not all potential suppliers can supply all categories,
- Detailed Specifications of the goods or services,
- a criteria for deciding which applications should be accepted,
- explanation of how the panel will operate,
- whether or not procurement will be exclusively from the panel or other non-panel suppliers,

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- a statement to the effect that there is no guarantee that procurement will be from pre-qualified panel suppliers,
 - the period for which the panel will be established,
 - the number of pre-qualified suppliers per panel if applicable,
 - a requirement for indicative or set prices or rates, including a pricing schedule or outline of the pricing format required from tenderers.
- 7.5 A statewide public notice for a Request For Tender (RFT) inviting persons to apply to join a panel of pre-qualified suppliers for particular goods or services shall be the same as a Public Tender process. (Refer to RRG Procurement Standards).
- 7.6 The RRG may enter into a contract, or contracts, for the supply of goods or services with a pre-qualified supplier who is part of a panel of pre-qualified suppliers for a term not exceeding 12 months and must not contain an option to renew or extend the term.
- 7.7 The employee responsible for managing the panel of the particular goods or services shall ensure:
- clear, consistent and regular communication between the employees using the panel and the panel suppliers,
 - adequate contract management systems are in place,
 - that employees using panels adhere to matters relating to the panel, such as the scope, pricing and manner of purchase,
 - Information for employees concerning a panel's operation needs to be readily available, up-to-date, and consistent, in accordance with the size and complexity of a panel arrangement,
 - Panel information available to employees through the staff intranet site and through a single point of contact.
- 7.8 all records of the procurement process, payments and communications with suppliers are to be kept in accordance with the State Records Act and RRG recordkeeping procedures.

REFERENCES & REVIEW

Statutory Compliance	<ul style="list-style-type: none"> ▪ Local Government Act 1995 & Regulations (Functions) ▪ State Records Act (Retention & Disposal Schedule)
Organisational Compliance	<ul style="list-style-type: none"> ▪ Purchasing Standard and Procedures ▪ CEO Delegated Authorities Register ▪ Staff Purchasing Delegation Authority
Next Revision Date	November 2025
Responsible Officer	Manager Finance
Policy Administration	Corporate (Finance)
Review Cycle	Biennial
Risk Rating	High
Location of document	RRG Website Staff Intranet RRG, 9 Aldous Place, Booragoon – Corporate Services CVC, 350 Bannister Road, Canning Vale – staff rooms

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DOCUMENT CONTROL REGISTER

Date	Review	Rev No.	Author	Resp Officer	Council
2007	Original	1	MAF	MAF	28/06/2007
2012	Review	2	DCS	DCS	26/07/2012
2013	Review	3	EMCS	EMCS	24/10/2013
2016	Review	4 (FD2)	EMCS	EMCS	25/02/2016
2016	Review	5 (FD4)	EMCS	EMCS	25/08/2016
2018	Review	6	EMCS	CEO	22/11/2018
2020	Review	7	EMCS	CEO	27/11/2020
2021	Review	8	EMCS	CEO	26/08/2021
2023	Review	9	MF	MF	23/11/2023

MAF Manager Administration & Finance
 DCS Director Corporate Services
 EMCS Executive Manager Corporate Services
 EMGC Executive Manager Governance & Culture
 MF Manager Finance

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