

## Policy Type

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Council

## Policy Purpose

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The City of Cockburn (the City) is committed to delivering best practice in the procurement of goods, services and works in accordance with Council Policies and applicable statutory obligations. All procurement activities must comply with the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996* in respect to all purchases, contracts and asset disposal decisions.

This Policy aims to ensure all procurement decisions are made in a consistent manner using an equitable process that will help to mitigate risk, demonstrate value and achieve the most advantageous outcome for the City.

## Policy Statement

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Procurement decisions will be made using the following principles:

(1) Ethical Behaviour and Fair Dealing

Employees of the City must conduct all procurement and business relationships with honesty, integrity, fairness, diligence and a high degree of care, ensuring processes are appropriate and compliant. Procurement processes must be transparent and free from bias and will be supported by Employee Code of Conduct and a Statement of Business Ethics, approved by the CEO outlining the behavioural standards expected by the City from its employees, suppliers and contractors in conducting its business. Any canvassing of the City's Elected Members or staff is strictly prohibited on current procurement activity.

(2) Value for Money (VFM)

Achieving value for money reflects the best possible outcome by considering cost and non-cost factors in procurement decisions. Non-cost factors are important in reducing risk and determining whole of life outcomes that do not adversely impact the community or environment.

These include safety and quality considerations, fit for purpose (specification), timeliness, sustainability (social and environment – circular supply), economic (local & regional) and relevant service benchmarks. Where a higher cost conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced conforming offer.

The City recognises that in achieving long term value for money, appropriate strategic business partners may be developed with suppliers for specific supply categories. All strategic procurement partners will be reviewed on a periodic basis as per their associated arrangement, to a minimum period of every three (3) years from the

commencement of the partnership. The acceptance of higher priced submissions must always be supported by justification, presenting demonstrable benefits proportionate to the level of activity.

All pre-qualified, approved, and strategic business partnership suppliers will be systematically reviewed in line with contract terms and performance criteria (at least three yearly or as required). This requirement will assess whether VFM continues to be achieved by the City with any renewal or extension of contract arrangements.

### (3) Open and Effective Competition

Competition is encouraged through the sourcing requirements of the procurement thresholds (below) and any allowable exemptions as outlined within the City's supporting Procurement Framework document. This will outline the acceptable manner for procurement information to be presented and evaluated by the City.

The expected level of effective competition will depend on the pre-determined market engagement strategy (public, selective, pre-qualified) as identified in the procurement plan and the assessed level of procurement risk to the City. City employees are to source across a range of diverse suppliers, to ensure market opportunities are considered.

### Procurement Threshold Requirements

<b>Expected Procurement / Contract Value (Ex GST) (initial period - excl options)</b>	<b>Sourcing requirement (non-contracted expenditure)</b>
Up to \$4,999	<p>Seek one (1) verbal quotation (min) for all activities. Local/Regional suppliers are preferred, when available.</p> <p>Credit card policy will apply to credit card purchases, discretion may apply to the Procurement credit card.</p> <p>Quotations are subject to relevant review and purchase order auto approval as per the City's Procurement Framework.</p>
\$5,000 to \$19,999	<p>Seek one (1) written quotation (min) for all activities. Local/Regional suppliers are preferred and considered, when available.</p> <p>Quotations are subject to relevant review and purchase order auto approval as per the City's Procurement Framework.</p>

<b>Expected Procurement / Contract Value (Ex GST) (initial period - excl options)</b>	<b>Sourcing requirement (non-contracted expenditure)</b>
\$20,000 to \$49,999	<p>Seek two (2) written quotation (min) for all activities. Local/Regional suppliers are preferred and considered, when available.</p> <p>Sourcing from pre-qualified suppliers requires one (1) written quotation (min) for all contracted activities</p> <p>All quotations are subject to relevant review and purchase order auto approval utilising non-eProcurement templates as per the City's Procurement Framework.</p>
\$50,000 to \$99,999	<p>Seek two (2) quotations (min) via eProcurement templates in conjunction with Procurement Services.</p> <p>One (1) local/regional supplier quote must be sought, if available, unless an exemption to this requirement is approved.</p> <p>Sourcing from pre-qualified suppliers requires two (2) written quotation (min) for all contracted activities, unless otherwise determined by an approved sourcing strategy or an exempted supply.</p> <p>All quotations are subject to purchase order review as per the City's Procurement Framework.</p>
\$100,000 to \$249,999	<p>Seek three (3) quotations (min) via eProcurement templates. At least one (1) local/regional supplier quote must be sought, if available unless an exemption to this requirement is approved in advance.</p> <p>Sourcing from pre-qualified suppliers requires two (2) quotation (min) for all contracted activities, unless otherwise determined by an approved sourcing strategy or an exempted supply.</p> <p>All quotations must be sought via eProcurement templates in conjunction with Procurement Services and subject to relevant evaluation, purchase order review and approvals as per the City's Procurement Framework.</p> <p>Sourcing above \$150,000 requires a Procurement Plan to be completed and approved by Procurement Services.</p>

Expected Procurement / Contract Value (Ex GST) (initial period - excl options)	Sourcing requirement (non-contracted expenditure)
\$250,000 and above	<p>Conduct a public process - Tender or similar for all activities, in accordance with this Policy and relevant management procedures unless otherwise determined by an approved sourcing strategy or an exempt supply.</p> <p>Sourcing from pre-qualified suppliers requires three (3) quotation (min) for all contracted activities, unless otherwise determined by an approved sourcing strategy or an exempted supply.</p> <p>All sourcing must be via eProcurement templates in conjunction with Procurement Services and subject to relevant formal evaluation, purchase order review and approvals as per the City's Procurement Framework.</p>

The City is not required to undertake a competitive procurement process where the total value of the Procurement does not exceed \$250,000 (Ex GST) and the procurement is for one of the following:

- (a) advance payments (accommodation, travel, seminars, training, conferences),
- (b) annual renewals for software maintenance, support, and licensing fees, where a procurement process has been previously conducted,
- (c) engagement of artists or performers,
- (d) legal services (available through the WALGA preferred supplier panel),
- (e) memberships and subscriptions,
- (f) provision of advertising services,
- (g) provision of temporary personnel for individual contracts (available through the WALGA preferred supplier panel),
- (h) provision of utility services (where the relevant utility or nominated Supplier is the only provider of such services),
- (i) provision of software by a third-party provider (via a supply registration) from the software developer that is known to the City, that demonstrates VFM,
- (j) procurement from an original equipment manufacturer / original service provider where the warranty and other contract provisions may be void,
- (k) provision of items required to meet the needs of Home Care Package Clients,

- (l) provision of items required for resale to meet Cockburn ARC facility customer requirements

The City will maintain a principal period of three (3) years or less for all initial procurement activities and contracts.

The principle of competition will be satisfied where contracted Suppliers (where relevant) are utilised after considering alternative sourcing markets, including all cost and non-cost factors.

Where a public notice process is utilised, a single or multiple supplier contract may be executed based on the City's requirements as evaluated and stipulated in the award.

In addition, a panel of pre-qualified suppliers may be created where the City determines that there is or will be a continuing need and ongoing benefit from a panel arrangement.

#### (4) Sustainable Procurement

The City will consider environmental and social sustainability elements in all procurement decisions to maximise the positive impact on environmental and social outcomes within the community. This principle requires the adoption of current best practices (such as circular economy procurement or circular supply) to consider whole-of-life costing and social responsibility in sourcing goods, services or works when assessing value for money.

The City shall endeavour to design sourcing documentation to provide a comparative advantage to those suppliers and contractors who demonstrate they minimise environmental and negative social impacts and embrace such principles.

Such considerations must be balanced against VFM outcomes and the City's broader environmental strategies and objectives. Procurement decisions requiring qualitative assessment will set a sustainability criteria weight of up to 20% in total.

##### 4.1 Environmental and Circular Supply

Circular supply within procurement are encouraged to minimise unnecessary resource consumption to deliver beneficial environmental outcomes. Specifications should identify goods and/or services that satisfy this requirement. This element requires the City to recover (waste), rethink (supply chains), regenerate (nature), reduce (do more with less) and reuse (use items longer) for products and services through innovation and collaboration in order to deliver a circular procurement ecosystem that maximise the resources available to the City.

The procurement activity will prioritise goods and/or services that satisfy this requirement and design out waste through collaborative value chain pathways that are circular rather than linear.

A qualitative weighting will be used in the evaluation of appropriate procurement to provide advantages to suppliers who demonstrate sustainable policies and practices and circular supply.

#### 4.2 Social

Procurement that delivers a beneficial social outcome is preferred. The specification should identify goods and/or services that satisfy this requirement. Procurement from organisations such as Aboriginal controlled businesses and social enterprises including Australian Disability Enterprises is preferred as appropriate and when available. While the other Procurement principles may apply, competition exemption is available to these organisations, if registered and value can be demonstrated. A qualitative weighting will be used in the evaluation of appropriate procurement to provide advantages to suppliers who meet this requirement.

#### (5) Local and Regional Economy

The City encourages the development of competitive local businesses within its boundaries and within the broader Perth South West Metropolitan Alliance region. Where appropriate to do so, the City will seek participation of local and regional organisations in its supply chain in line with strategic objectives in the City's Strategic Community Plan. This principle seeks to balance competition with sustainable procurement with the attainment of economic benefits for the region. The City will preference local businesses within its boundary, greater than those within the broader Perth South West Metropolitan Alliance region.

Appropriate procurement decisions will set an economic qualitative criteria weight of up to 20% in total. Should the criteria not be applicable, the weighting will be proportioned equally across the remaining criteria.

It is recognised that not all categories can be procured from a local or regional supplier. For the avoidance of doubt, Regional Price Preferences does not apply to this Policy.

The City will endeavour to ensure local or broader regional economic benefits committed to by suppliers through procurement processes are achieved through effective contract management.

##### 5.1 Local Economy (within City boundaries)

The City will seek supply opportunities from local organisations that can demonstrate economic benefits, either through being a local business, the use of local sub-contractors or local employees. This will be dependent on the extent to which the local business can demonstrate their contribution to the local economy. As directed by the procurement thresholds, the City encourages local content in the assessment of value for money.

##### 5.2 Regional Economy (within the Perth South West Metropolitan Alliance region)



The City encourages the development of competitive markets within the broader Perth South West Metropolitan Alliance region. Supply opportunities for regional businesses may be available to the extent to which the business can demonstrate their contribution to the regional economy as reasonably practicable and provided there is no financial or other detriment to the City

## (6) Procurement Governance

Procurement governance will be managed using a hybrid centre-led procurement function, including (but not limited to) the application process for exemptions, procurement probity oversight and audit and reporting requirements.

### 6.1 Planning and Documentation

All procurement (purchases and contracts) will be based on proper planning to ensure quality decision making. This requires sufficient and acceptable documentation to be developed in a timely manner, with an estimated cost in accordance with the City's Procurement Framework document.

Procurement template documents and forms will be used to ensure quality, unless otherwise approved. Purchase Orders must be issued to all suppliers prior to the supply of the goods, services or works, unless otherwise exempt.

Employees with procurement responsibility must be appropriately trained to carry out their duties in a competent and efficient manner.

The CEO is responsible for determining the purchasing authority limit for employees in accordance with the *Local Government (Financial Management) Regulations 1996* Part 2, section 5 (1) (e). This limit applies to purchasing of any description, whether by purchasing or store card or purchase order, and applies across the entire purchasing process.

The City will utilise existing or known contracted suppliers / service providers unless the non-use substantiation is approved by Procurement Services.

### 6.2 Procurement Risk

All employees with procurement responsibilities will identify and mitigate risk within the entire procurement and contract management lifecycle in accordance with the City's Enterprise Risk Management Framework.

Procurement will be carried out in a manner that protects the City's capability to prevent, withstand and recover from any interruption from the supply of goods, services or works. Due diligence may be carried out on suppliers / organisations to ensure compliance and financial viability.

Where applicable, the City will ensure all steps are taken to reduce the risk in procuring goods and/or services that support modern slavery. This includes the compliance to the Modern Slavery Act 2018 (Cth) in respect to:

- 6.2.1 the assessment of modern slavery Statements from required businesses;
- 6.2.2 the use of specific criteria in formal evaluations on modern slavery, and
- 6.2.3 monitoring contracts and taking action on non-compliance, as required.

### 6.3 Disability Access

The City has legislative responsibilities to provide equitable access for individuals with disabilities to all City buildings, facilities, information and services. City Employee's are required to meet disability access and inclusion requirements or seek specialist advice from internal resources or engage external advice.

This may include accessibility appraisals, specifications reviews, software development and features, audits and advice on best practice. This principle will be applied to all significant infrastructure and system projects and redevelopment requirements.

When applicable, procurement decisions that impact the accessibility of infrastructure and system projects may include an accessibility qualitative criteria weight of up to 10% in total in the procurement process.

### 6.4 Procurement Evaluation and Award

Evaluation criteria must be developed for all appropriate procurement activities relevant to the complexity, risk and expected budget.

Supplier selection may consider compliance, informative, qualitative and quantitative (cost) criteria, where allocated weightings reflect the respective degree of importance in accordance with the City's Procurement Framework.

Evaluations must include assessments of Supplier capabilities and competencies to perform required work in a safe and environmentally sound manner, in accordance all applicable Work Health and Safety (WHS) legislation and other relevant legislation.

Procurement recommendations are determined by an Evaluation Panel where the size and composition of the panel will be dependent on the value and complexity of the procurement.

All procurement recommendations to a value above \$150,000 (Ex-GST) are to be vetted by the Procurement Services Team.

Panel members must be qualified and trained to ensure submissions are evaluated with due care and knowledge and free of any conflict of interest that might undermine the fairness of the evaluation process.



Contracts may be awarded to a supplier who is considered to provide the most advantageous outcome for the City, subject to Council delegations that may be in place and in accordance with purchasing authorisation limits.

Post award and mutual acceptance of contractual terms must be agreed prior to the commencement of the contract.

#### 6.5 Sole / Single Supplier (for procurement with a value of \$250,000+ (Ex-GST))

Where a procurement above the value of \$250,000 (Ex GST), for goods or services, are only available from one supplier, the CEO or relevant Director may exempt that procurement from going to market if they are satisfied that due to the unique nature of the goods and services, or for any other reason, there is unlikely to be more than one supplier. This approval can only be granted in accordance with their corresponding delegation.

The Procurement Services team must be consulted prior to approval being sought from the CEO and/or the relevant Director member under this sub-clause.

#### 6.6 Contractor Performance Management

Contracts and contractors will be proactively managed to ensure contract obligations are met and performance enforced to achieve the best procurement outcome whilst meeting the City's risk tolerance and safety standard. Contract variations are to be monitored by the Procurement Services Team and reported as required.

The City requires all suppliers and contractors to comply with all risk control measures and all applicable Work Health and Safety (WHS) legislation and other relevant legislation. Appropriate processes shall include;

- 6.6.1 procurement assessments of capabilities and competencies to perform work in a safe, and sound manner;
- 6.6.2 safety risk assessments undertaken in accordance with the City's Enterprise Risk Management Framework;
- 6.6.3 specific commentary against this principle in all relevant procurement reports and where found to be deficient, contract continuation must be contingent on evidence being provided.

#### 6.7 Procurement Compliance

The procurement process requires appropriately strict confidentiality and disclosure requirements to be followed. It is the responsibility of the officer undertaking the procurement activity to ensure all documents created and received during the procurement process are correctly recorded and retained within the City's corporate electronic document management system (ECM).

Procurement processes sometimes require cross-team collaboration. Procurement of goods or services that will impact or require commissioning

support from another Service Unit, must be sufficiently disclosed to the affected Service Unit with timely advance notice.

All procurement and ongoing renewals of communication / digital assets and information technology hardware and software with associated services must be vetted and approval sought by the responsible employee from the Communication / Marketing and Business Systems Service Units.

6.8 The CEO or Directors may exempt a procurement process from compliance with the following aspects of this Policy only:

6.8.1 minimum number of quotations; and

6.8.2 the principal period of three (3) years or less for the initial contract term without considering extension options (may be longer).

The Service Manager Procurement and Contracts may exempt:

6.8.3 the requirement to use eProcurement templates; and

6.8.4 requirement to source quotes from a local/regional supplier.

Any exemption must be in writing, properly justified and consistent with the City's Procurement Framework and any relevant procurement/purchasing policies, procedures and pre-determined market engagement strategy.

The Procurement Services team must be consulted prior to approval being sought from the CEO and/or the relevant Director under this clause.

Strategic Link:	Local Government Act 1995 and the Local Government (Functions and General) Regulations 1996
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