***WIRRAWANDI ABORIGINAL CORPORATION PURCHASING POLICY***

*This policy may be amended from time to time. Any printed copy may not be up to date, and you are advised to check the electronic copy on the WAC website to ensure that you have the current version. Alternatively, you may contact administration on 91284788*

# OBJECTIVE

To ensure a best practice approach to the purchase of services and products which promotes transparent, equitable and competitive purchase practices for the Wirrawandi Aboriginal Corporation (WAC) and is compliant with the Wirrawandi Aboriginal Corporation RNTBC (ICN 8870) Finance Policy and Procedure Manual

# PRINCIPLES

## Ethics and Integrity

The highest standards of ethics and integrity are to be observed in undertaking all purchase activities. Employees will act in an honest and professional manner that supports the standing of the WAC and promotes a proud and collaborative community.

The principles, standards and behaviours as defined in this policy and WAC’s Financial Policy and Procedures must be observed and enforced through all stages of the purchase process to ensure the fair and equitable treatment of all parties.

Any information provided to the WAC by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or under relevant legislation.

## Value for Money

Value for money is an overarching principle governing purchasing, that allows the best possible outcome to be achieved for the WAC.

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

* 1. all relevant Total Costs of Ownership (TCO) and benefits, including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance and disposal;
  2. the technical merits of the goods or services being offered in terms of compliance with specifications, user requirements, quality standards, sustainability, service benchmarks, contractual terms and conditions and any relevant methods of assuring quality;
  3. financial viability to supply without risk of default. (Competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);
  4. a strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable; and
  5. local business capability.

Whilst it is necessary to ensure purchase is conducted within budget, the lowest price offer does not necessarily present the best value for money. As such it is important to ensure all of the above is taken into consideration when determining the most advantageous outcome for the WAC. Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer.

# PURCHASE REQUIREMENTS

The WAC is committed to using the most efficient, effective and appropriate purchase processes for the acquisition of goods or services. The purchase requirements as defined in this policy must be followed when procuring goods or services on behalf of the WAC.

## Scope of Works

The scope of works for a quotation must be confirmed by an officer with the appropriate purchase authority prior to the issuance of the request for quotation. The scope of works for a tender must be confirmed by the General Manager prior to inviting tenders.

The scope of works must be relevant and in specific detail to give respondents/tenderers a clear understanding of the nature and extent of works required, including timeframes and deliverables. Pricing by the respondent/tenderer will be based on the scope of works, therefore, the more detail provided in the scope of works, the more accurate the pricing will be with fewer contingencies and over-runs.

**3.2 Purchase from Aboriginal Business**

When planning to purchase goods or services via quotation or tender, it is suggested that Aboriginal Business be consulted in the first instance.

## 3.3 Purchase Thresholds

In determining which purchase threshold to observe, the following considerations are to be taken into account:

1. The value is exclusive of Goods and Services Tax (GST).
2. The actual or expected value of the contract over the full contract period, including any potential contract variations and all options to extend.
3. The extent to which it could reasonably be expected that the WAC will continue to purchase a particular category of goods, services or works and what the estimated total value of that purchase would be.
4. If the expected value of the full contract is expected to reach $250,000 (ex GST) over a three year period, a tender process should be considered.

The below table identifies the minimum requirements for each purchase threshold.

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| **Purchase Thresholds and Requirements** |
| **$1,000 - $5000**   * Direct purchase from a supplier, no quotation required. |
| **$5,000 - $10,000 (excluding GST)**   * A minimum of one quotation is required. * The quotation may be requested verbally, but it must be received or be evidenced in writing. |
| **$10,000- $50,000 (excluding GST)**   * A minimum of three quotations are required. * The quotations must be requested in writing and must be received or be evidenced in writing. |
| **$50,001 - $250,000 (excluding GST)**   * A minimum of three quotations are required. * The quotations must be requested in writing and must be received in writing. * A WAC approved Request for Quotation template must be used when issuing a request forquotation. * The evaluation decision is to be based on pre-determined selection criteria that assesses all value for money considerations in accordance with section 2.2 of this policy. |  |
| **Above $250,000 (excluding GST)**   * Conduct a public tender process * The decision to invite tenders shall either be determined Board resolution, or the relevant delegation of authority, as detailed within the Delegations Register and section of this policy. |

## 3.4 Inviting Tenders under the Tender Threshold

Where it is considered beneficial, public tenders may be called in lieu of seeking quotations for purchases under the $250,000 threshold (excluding GST). When the decision is made to conduct a public tender, the Request for Tender process as outlined in this policy must be followed in full.

## Sustainable Purchase

The WAC is committed to sustainable purchase and where appropriate shall endeavour to design quotations and tenders to minimise environmental and negative social impacts. Sustainable considerations must be balanced against value for money outcomes and sustainability objectives.

## Buying Local

Where practical and appropriate, the WAC will:

* + 1. consider purchase practices, procedures and specifications that do not unfairly disadvantage Aboriginal or local businesses;
    2. ensure that purchase plans address Aboriginal and local business capability and local content; and
    3. ensure that Requests for Quotation and Tenders are designed to incorporate the capabilities of Aboriginal and local businesses.

To this extent a price preference may be afforded to Aboriginal and local businesses in the evaluation of quotations and tenders where suppliers are located within the Pilbara.

## Authorisation of Expenditure

### Determine Quotations/Tenders

Acceptance of quotations and tenders and the authorisation of expenditure shall comply with the relevant delegation of authority as detailed within the Delegations Register.

On each occasion a tender is determined under delegated authority, an Information only Agenda Report must be provided at the next Board meeting to inform the Board of Directors of the outcome.

### Payment Methods

Where the WAC holds an account with a supplier a Purchase Order should be issued in the first instance.

If the purchase is a one-off purchase or the supplier does not accept Purchase Orders the following payment method may be used in limited circumstances:

1. Corporate Credit Card (purchases need to comply with the Wirrawandi Aboriginal Corporation Credit Card Policy WIRR004)
2. Reimbursements.

The commitment of expenditure using any of the above payment methods must comply with the relevant delegation of authority as detailed within the Delegations Register.

### Sole Source of Supply

A ‘sole source of supply’ may exist if the required goods or services are of a unique nature, and it is unlikely that there is more than one potential supplier of the specific good/service. The application of a sole source of supply should only occur in limited cases, where the WAC can evidence that there is only one source of supply. The WAC 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.

For purchases above $250,000 (excluding GST) the application of a sole source of supply must be approved by the BOARD. For purchases of this nature below $250,000 (excluding GST) one quotation must be obtained and approved by the General Manager, prior to a contract being entered into.

### 3.4 Testing the Market

Prior to entering a quotation or tender process, the following purchase methods can be used to formally test the market.

1. A Request for Proposal (RFP) may be used when the goods or services to be purchased are not definable and the goal is to receive a solution to a problem and then a quote for the solution; or
2. An Expression of Interest (EOI) may be called *prior to* a Request for Tender (RFT) to ascertain the market’s ability to provide the goods or services due to the specialised nature of the goods or services or the cost of preparing plans, specifications or other information.

If after testing the market, the decision is made to continue with the purchase of goods or services, the requirements of the relevant purchase threshold must be observed.

## Health and Safety

With all purchase decisions, consideration must be given to the relevant health and safety implications of the goods or services being sought. A risk assessment should be completed prior to the purchase of new or unfamiliar services, plant, equipment, products or chemical substances to ensure the purchase meets relevant statutory requirements and is suitable and safe for the purpose intended.

When a Contractor is engaged to carry out works either in full, or in part on WAC premises or worksites, the minimum requirements as detailed within WAC’s Contractor OHS Induction shall apply.

## Regulatory Compliance – Tenders

### 3.6.1 No Compliant Tenders Received

Where the WAC has invited tenders, however no compliant submissions have been received, direct purchases can be arranged on the basis that:

1. the specification for goods or services remains the same;
2. a minimum of three written quotations are obtained, as per the requirements for seeking quotations between the $50,001 and $250,000 threshold; and
3. the purchase is arranged within six (6) months of the closing date of the lapsed tender. Alternatively, a Council Resolution may be obtained to negotiate directly with a selected supplier.

## Records Management

All records associated with purchase must be recorded and retained

# 4. CONSEQUENCES

This policy represents the formal policy and expected standards of the WAC. Appropriate approvals need to be obtained prior to any deviation from the policy. Board Members and Employees are reminded of their obligations under the WAC’s Code of Conduct to give full effect to the lawful policies, decisions and practices of the WAC.

ROLES AND RESPONSIBILITIES

It is the responsibility of ALL STAFF to ensure that they adhere to the requirements of this policy in conjunction with related polices, guidelines and legislation to ensure effective and transparent purchase practices are observed.

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| Policy Number: | WIRR005 |
| Last Review: | February 2022 |
| Next Review: | February 2024 [Every 2 Years] |
| Responsible Officer: | General Manager |

*This policy takes effect from the date of adoption by Board of Directors and shall remain valid until it is amended or deleted.*