

# FINANCE POLICY 1

SUBJECT - Capitalisation and Depreciation of Non-Current Assets

## 1.1 Policy Purpose

The purpose of this policy is to provide appropriate accounting guidelines for the capitalisation and depreciation of Council assets.

## 1.2 Policy Objectives

- To provide consist approach in the capitalisation and depreciation of assets.
- To comply with Local Government Act Financial Management Regulations and provide clear guidelines for depreciation rates used to calculate figures in Council's annual and monthly financial reports.

## 2.1 Policy

It is Council policy that the following accounting policies shall apply for the capitalisation and depreciation of non-current assets.

Depreciation:

Property, plant and equipment will be carried at cost until such a time as fair values are determined and implemented. When fair values for assets are implemented these fair values will formulate the basis of determining the value of Council's asset holdings. All asset items, property, plant and equipment, including buildings but excluding freehold land, are depreciated over their estimated useful life on a straight line basis according to the following table:

Land	Not Depreciated
Buildings	50 Years
Furniture and (Internal) Equipment	6 Years
-Computers, printers etc	3 Years
Light vehicles, if replacement is due every year	8 Years
every two years	10 Years
more than two years	10 Years

Light Plant and (External) Equipment	10 Years
Heavy Plant and (External) Equipment	15 Years
Freehold Land for Sale	Not Depreciated
<u>Infrastructure</u>	
Sealed Roads and Streets:	
-Clearing & Earthworks	Not Depreciated
-Pavement	50 Years
-Seal	20 Years
-Kerb	30 Years
Unsealed Roads and Streets:	
-Clearing & Earthworks	Not Depreciated
-Pavement	30 Years
Footpaths	50 Years
Drainage, Sewerage fixtures etc	50 Years
Other Infrastructure	50 Years

Assets are depreciated from the date of acquisition or in respect to internally constructed assets, from the time the asset is complete and held ready for use.

Depreciation on each asset is charged to the program to which the asset principally relates or, where possible, to the **job** which the asset was actually used.

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner, which reflects the consumption of the service potential embodied in those assets.

Asset Capitalisation Thresholds:

For reasons of practicality, the following materiality thresholds have been

applied, below which any expenditure on assets need not be capitalised:

Land: all purchases are capitalised but land resumed for public works need not be capitalised if the resumption costs is less than \$2,000.

Buildings: improvement expenses totaling less than \$2,000 on any one building in any year need not be capitalised.

Furniture and (internal) Equipment: expenses totaling less than \$1,500 on any one item in any year need not be capitalised. Software is not capitalised.

Plant and (External) Equipment: expenses totaling less than \$2,000 on any one item in any year need not be capitalised.

Tools: expenses totaling less than \$1,500 on any one item in any year need not be capitalised.

Freehold Land for Sale: all expenses are capitalised.

Asset Revaluation and Fair Value:

Council have adopted a policy of re-valuing roads with sufficient regularity to ensure that a reasonable total asset value is carried year to year. From July 1<sup>st</sup> 2012 in line with amendments to the Local Government (Financial Management) Regulations, Council will implement fair value asset accounting principles.

**Adopted by Council:**

**Review Date: 31 March 2014**

**Responsible Officer: Deputy Chief Executive Officer**

## **FINANCE POLICY 2**

**SUBJECT - Rates and Accounts Collection**

### **1.1 Policy Purpose**

The purpose of this policy is to provide Council staff with guidelines for the collection of outstanding debts owed to Council.

### **1.2 Policy Objectives**

- To provide consistency and equal treatment in the collection of outstanding rates and sundry debtors.
- To provide the community with information on how Council staff are instructed to collect outstanding rates and sundry debtors.
- To formalise the process for entering into a payment arrangement to pay off outstanding debts owing to Council.

### **2.1 Policy**

It is Council policy that the following procedure shall apply for the collection of unpaid debts:

#### **UNPAID AND OVERDUE RATES**

1. Where rates remain outstanding 14 days after the due date shown on the Rate Notice, and the ratepayer has NOT elected to pay by the 2 or 4 installment option, a Final Notice shall be issued requesting full payment within 14 days.
2. Rates remaining unpaid after the expiry date shown on the Final Notice will result in a Letter of Demand sent to the ratepayer.
3. Where payment still remains outstanding despite the issue of a Letter of Demand and the ratepayer has not entered into a payment arrangement a General Procedure Claim will be issued for recovery.
4. Where a claim has been issued and served and remains unsatisfied, action will be taken to pursue that Claim by whatever means, through Council's solicitors or collection agency as the case may be, to secure payment of the debt.
5. Following the issue of a Claim and addition of legal costs, a reasonable offer to enter into a payment agreement, will not be refused.
6. Legal proceedings will continue until payment of rates imposed is secured. This includes the issue of a Property Seizure and Sale Order (PSSO) against goods AND land if necessary.

- If a Property Seizure and Sale Order against land is proposed to collect outstanding rates due on a property where the owner resides, approval of Council shall be obtained before the PSSO is lodged.
  - PSSOs against land will be used to collect outstanding amounts in respect to investment properties without a requirement that these be referred to Council.
7. In cases where the owner of a leased or rented property on which rates are outstanding cannot be located, or refuses to settle rates owed, notice will be served on the lessee under the provisions of section 6.60 of the Local Government Act 1995, requiring the lessee to pay to Council the rent due under the lease/tenancy agreement as it becomes due, until the amount in arrears has been fully paid.

### **SUNDRY DEBTORS**

1. Invoices are due and payable within 14 days of the date of issue.
2. At the end of each month, Council issues a statement of account.
3. At expiration of further 30 day period from issue of statement of account, any remaining outstanding debtors will be sent a Letter of Demand, with 14 days to pay.
4. Where payment still remains outstanding despite the issue of a Letter of Demand and the debtor has not entered into a payment arrangement a General Procedure Claim (GPC) will be issued for recovery.
5. Following the issue of a GPC and addition of legal costs, a reasonable offer to enter a payment agreement will not be refused.
6. Where a GPC has been issued and served and remains unsatisfied, action will be taken to pursue that Claim by whatever means, through Council's solicitors or collection agency as the case may be, to secure payment of the debt.
7. That in all cases following GPC, Council authorise the Chief Executive Officer to proceed by means of PSSO (Property Seizure and Sale Order), unless alternative arrangements are made prior to PSSO being served.

**Adopted by Council:**

**Review Date: 31 March 2014**

**Responsible Officer: Deputy Chief Executive Officer**

# **FINANCE POLICY 3**

**SUBJECT** - Investments

## **1.1 Policy Purpose**

The purpose of this policy is to provide guidance to Council officers on the appropriate forms of investments for Council funds.

## **1.2 Policy Objectives**

- To follow a conservative approach towards investing Council funds.
- To provide an approved list of investment options.
- To comply with Section 6.14 of the Local Government Act 1995 - ("Prudent Person" rule)

## **2.1 Policy**

It is Council policy that the Council funds are invested under the following guidelines:

1. An appropriate cash flow is maintained for the continued **operation and sound financial** management of the Council.
2. Records of investment particulars are maintained in line with the Australian Accounting Standards and Local Government Act Financial Management Regulations.
3. Approved forms of investment being Term Deposits and Cash Management funds held in a local banking institution.
4. Any deviation from policy to be approved by Council.

**Adopted by Council:**

**Review Date: 31 March 2014**

**Responsible Officer: Deputy Chief Executive Officer**

# **FINANCE POLICY 4**

SUBJECT - Sport and Recreation Grants

## **1.1 Policy Purpose**

The purpose of this policy is detail Council's commitment towards providing a range of recreational and sporting opportunities within the Shire of Jerramungup.

## **1.2 Policy Objectives**

- To provide a regular funding opportunity for sporting and community groups for the improvement of community infrastructure.
- To follow a consistent approach towards the allocation of funds to community and sporting groups for the upgrading of their facilities.
- To encourage community and sporting groups to play a leading role in the development of their facilities.
- To promote the development of strong and sustainable clubs and associations in the Shire of Jerramungup.
- To support residents who are selected to represent their chosen sporting activity at a National or International level at an event held outside of Western Australia.
- To encourage volunteerism in the Shire of Jerramungup.

## **2.1 Policy**

It is Council policy that a Budget provision of up to 2.5% of the previous year's Levied Rates is provided for in each year is made available to individuals, community and sporting organisations upon application to the Council.

### **1. Distribution of Funds to Community and Sporting Bodies**

The following guidelines for distribution of funds to Community and Sporting Bodies are to apply.

#### **a) Fund Objective**

Funds from Council may be made available for the following purpose; Establishment or improvement of playing areas or buildings necessary for the conduct of sport or for community use, to assist community groups in establishing a service or activity seen as a need for the betterment of and improvement to the enjoyment of life within the community.

#### **b) Application Procedure**

- i) Applications for funding close at the Council Office on 31<sup>st</sup> May to

be considered in the following financial year.

- ii) Applications should only be made when the applicant group is confident that all the cash that the applicant proposes to contribute will be readily available if a grant is approved.

c) Limitations

- i) Funds not to be used for equipment, trophies, prizes or expenses (including loan repayments) incurred in the conduct of the sport or in community activities.
- ii) Community and Sporting Bodies must submit an application, where eligible to the CSRFF Grants round and comply with the funding criteria.
- iii) Council's general philosophy is to fund 1/3 of the total project cost. It is anticipated that the applicant group will contribute 1/3 and will obtain grant funding or some other kind of funding for the remaining 1/3. Voluntary labour and equipment may be included in the applicant's contribution.
- iv) Council Employees or Equipment may be used in lieu of a cash contribution from Council.
- v) On completion of projects, the Chief Executive Officer or his delegate shall carry out an inspection prior to closing the job file.

d) Voluntary Contributions

The value of work undertaken by volunteers can be included in the local contribution but this value may not exceed one third of the completed value of the project.

The voluntary work should be described and valued at the rate of \$20.00 per hour, or the rate approved by the appropriate agency.

e) General Guidelines

1. All applications must be on the appropriate form.
2. Applications must be submitted no later than 31st May each year for funds under \$2,000.
3. Applications must be supported by two written quotes for materials or other goods included in the funding submission.
4. Applications will be acknowledged by Council.
5. Council reserves the right to consider and allocate funds without the right of appeal.
6. Council reserves the right to request further information on demand.
7. All monies allocated must be spent and claimed by the 30th June in the financial year for which it was allocated.
8. No project requiring funding shall commence without the written consent of Council.
9. Money granted must be spent on the project allocated.
10. No money will be allocated for completed projects.



11. Council reserve the right to inspect Reserves and Buildings without prior notification to the respective Committee.
12. Council may consider applications from Community Groups other than Sporting Bodies.
13. Applications will be considered at Council's sole discretion.
14. Council reserves the right to set aside large projects as longer term budget items to be funded over more than one year.
15. All applications for funding to Council by groups or organisations must be accompanied by a copy of the organisations/groups most recent set of financial reports, along with any planning documents, (maps etc) and other proposed funding sources for the project. All applications to be assessed on their merits.
16. Applicants should ensure that their project forms part of their sporting or community groups business plan and where applicable the **Shire's Sport and Recreation Facilities Plan**.

## 2. Distribution of Funds to Individuals

The following guidelines for distribution of funds to individuals apply.

### a) Fund Objective

Funds from Council may be made available for the following purpose;  
To provide a travel/accommodation subsidy donation when residents are selected to represent their chosen sporting activity at a National or International event held outside of Western Australia:

### b) Application Procedure

Donations are not funded retrospectively. All applications must be received at least two weeks PRIOR to competition for consideration. Applicants must supply proof of selection and representation level from an approved governing body.

### c) Limitations

- i. Applicants must be a resident of the Shire of Jerramungup.
- ii. Funding will only be considered after all other funding opportunities have been exhausted e.g. State and Federal Government funding.
- iii. Funding will only be provided for up to 50% of travel and accommodation costs to a maximum of \$500.
- iv. The travel/accommodation subsidy donation is only available to participants. Coaches, support staff and chaperones are not eligible to apply for funding.
- v. Selected representatives are entitled to one subsidy donation per activity in any one financial year.

### d) General Guidelines

- i. Consideration will only be given upon written request.

- ii. Confirmation by an approved governing body of travel/representation details must accompany written requests.
- iii. If the situation arises that the successful competitor does not attend the competition the monies shall be reimbursed to the Shire.

**Adopted by Council:**

**Review Date: 31 March 2014**

**Responsible Officer: Deputy Chief Executive Officer**

# **FINANCE POLICY 5**

**SUBJECT** - Corporate Credit Card Policy

## **1.1 Policy Purpose**

The purpose of this policy is to provide the Chief Executive Officer, Deputy Chief Executive Officer, Manager of Infrastructure Services and Shire President with the ability to instantly pay for Council expenditure incurred whilst performing Council functions.

## **1.2 Policy Objectives**

The objectives of the Policy are;

- To reduce the reliance on Council representatives carrying cash or Council cheques.
- To reduce the reliance on Councillors and Council Staff making payments on behalf of Council.
- To reduce the need for reimbursing expenditure incurred on behalf of Council by Councillors and Officers.
- To provide a modern, professional and documented payment means when incurring expenditure on behalf of Council.

## **2.1 Policy**

- 1) That the Chief Executive Officer, Deputy Chief Executive Officer, Manager Infrastructure Services and Shire President be delegated authority to use a Corporate Credit Card for the following purposes which shall relate to bona fide Council business and in accordance with the credit card issue form.
  - i. Conference and meeting costs
  - ii. Accommodation expenses
  - iii. Meals
  - iv. Fuel
  - v. Entertainment expenses
  - vi. Minor equipment part and repairs
  - vii. Other expenses which at the discretion of the Chief Executive Officer, Deputy Chief Executive Officer or Manager Infrastructure Services is most efficiently paid for by credit card.
- 2) The credit shall be linked to Council's Municipal bank account and a recoup of expenditure be made, on a monthly basis, via funds transferred from the Shire of Jerramungup Municipal Account.

**Adopted by Council:**

**Review Date: 31 March 2014**

**Responsible Officer: Deputy Chief Executive Officer**

# FINANCE POLICY No 6

SUBJECT - Purchasing Policy

## 1.1 OBJECTIVES

- To provide compliance with the Local Government Act, 1995 and the Local Government Act (Functions and General) Regulations, 1996 (as amended in March 2007).
- To deliver a best practice approach and procedures to internal purchasing for the Shire of Jerramungup.
- To ensure consistency for all purchasing activities that integrates within all the Shire of Jerramungup operational areas.
- To promote the use of local suppliers and businesses for the delivery of goods and services.

## 1.2 WHY DO WE NEED A PURCHASING POLICY?

The Shire of Jerramungup is committed to setting up efficient, effective, economical and sustainable procedures in all purchasing activities. This policy:

- Provides the Shire of Jerramungup with direction for effective purchasing goods and services.
- Ensures that purchasing transactions are carried out in a fair and equitable manner.
- Strengthens integrity and confidence in the purchasing system.
- Ensures that the Shire of Jerramungup receives value for money in its purchasing.
- Ensures that the Shire of Jerramungup considers the environmental impact of the procurement process across the life cycle of goods and services.
- Ensures the Shire of Jerramungup is compliant with all regulatory obligations.
- Promotes effective governance and definition of roles and responsibilities.
- Uphold respect from the public and industry for the Shire of Jerramungup's purchasing practices that withstands probity.

## **1.3 ETHICS & INTEGRITY**

All officers and employees of the Shire of Jerramungup shall observe the highest standards of ethics and integrity in undertaking purchasing activity and act in an honest and professional manner that supports the standing of the Shire of Jerramungup.

**The following principles, standards and behaviours must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:**

- full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money;
- all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Shire of Jerramungup policies and code of conduct;
- purchasing is to be undertaken on a competitive basis in which all potential suppliers are treated impartially, honestly and consistently;
- all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies and audit requirements;
- any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed; and
- any information provided to the Shire of Jerramungup by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation.

## **1.4 VALUE FOR MONEY**

**Value for money is an overarching principle governing purchasing that allows the best possible outcome to be achieved for the Shire of Jerramungup. It is important to note that compliance with the specification is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing, and service benchmarks.**

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

- all relevant whole-of-life costs and benefits whole of life cycle costs (for goods) and whole of contract life costs (for services) 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.
- the timeframe by which goods and services can be supplied to minimise workplace downtime and ensure continued service to the community is maintained.
- the technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality;
- financial viability and capacity to supply without risk of default. (Competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);
- 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.

**Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer.**

**1.4.2 Regional Price Preference**

1. To encourage the use of local tradespersons and suppliers regional price preference will apply to all quotations or tenders invited by Council for the supply of goods and services and Construction (Building) services, unless Council resolves that this Policy not apply to a particular purchase or tender.
2. The following levels of preference will be applied under this Policy:
  - a. Goods and Services under \$50,999 in value, (with the exception of passenger vehicles):
    - 10% price discount to businesses within the Shire of Jerramungup.
  - b. Construction Services under \$50,999 in value:
    - 2.5% price discount to businesses within the Shire of Jerramungup.
  - c. All Goods and Services between \$50,999 and \$500,000 in value:
    - 5% price discount to businesses within the Shire of

Jerramungup.

- d. Passenger Vehicles under \$50,999 in value:
  - 2.5% price discount to businesses within the Shire of Jerramungup.
3. The levels of preference stated in 2 above, will only apply to businesses that have been located within the local government areas for at least six (6) months prior to the closing date of the quotations or tenders.
4. The regional price preference will not necessarily be applied in emergencies.

## 1.5 SUSTAINABLE PROCUREMENT

Sustainable Procurement is defined as the procurement of goods and services that have less environmental and social impacts than competing products and services.

The Shire of Jerramungup is committed to sustainable procurement and where appropriate shall endeavour to design quotations and tenders to provide an advantage to goods, services and/or processes that minimise environmental and negative social impacts. Sustainable considerations must be balanced against value for money outcomes in accordance with the Shire of Jerramungup's sustainability objectives.

Practically, sustainable procurement means the Shire of Jerramungup shall endeavour at all times to identify and procure products and services that:

- Have been determined as necessary;
- Demonstrate environmental best practice in energy efficiency / and or consumption which can be demonstrated through suitable rating systems and eco-labelling.
- Demonstrate environmental best practice in water efficiency.
- Are environmentally sound in manufacture, use, and disposal with a specific preference for products made using the minimum amount of raw materials from a sustainable resource, that are free of toxic or polluting materials and that consume minimal energy during the production stage;
- Products that can be refurbished, reused, recycled or reclaimed shall be given priority, and those that are designed for ease of recycling, re-manufacture or otherwise to minimise waste.
- For motor vehicles –
  - select fuel efficient vehicles based on vehicle type and within the designated price range;



- For new buildings and refurbishments – where available use renewable energy, design principals and technologies.

## 1.6 PURCHASING THRESHOLDS

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

Amount of Purchase	Policy
Up to \$2,000	Direct purchase from suppliers requiring only two verbal quotations where feasible.
\$2,001 - \$19,999	Obtain at least three verbal or written quotations unless it is impractical to do so.
\$20,000 - \$50,999	Obtain at least three written quotations
\$60,000 - \$99,999	Obtain at least three written quotations containing price and specification of goods and services (with procurement decision based on all value for money considerations).
\$100,000 and above	Conduct a public tender process.

Where it is considered beneficial, tenders may be called in lieu of seeking quotations for purchases under the \$100,000 threshold (excluding GST). If a decision is made to seek public tenders for Contracts of less than \$100,000, a Request for Tender process that entails all the procedures for tendering outlined in this policy must be followed in full.

### 1.6.1 Up to \$2,000

Where the value of procurement of goods or services does not exceed \$2,000 purchase on the basis of at least two verbal quotations is permitted unless it is impractical to do so. However it is recommended to use professional discretion and occasionally undertake market testing with a greater number or more formal forms of quotation to ensure best value is maintained.

This purchasing method is suitable where the purchase is relatively small and low risk.

Record keeping requirements must be maintained in accordance with record keeping policies. The Local Government Purchasing and Tender Guide contains a sample form for recording verbal quotations.

#### **1.6.2 \$2,001 to \$19,999**

This category is for the procurement of goods or services where the value of such procurement ranges between \$2,001 and \$19,999.

At least three verbal or written quotations (or a combination of both) are required unless it is impractical to do so. Where the process is impractical, e.g. due to limited suppliers, it must be noted through records relating to the process.

The general principles for obtaining verbal quotations are:

- Ensure that the requirement / specification is clearly understood by the Shire of Jerramungup employee seeking the verbal quotations.
- Ensure that the requirement is clearly, accurately and consistently communicated to each of the suppliers being invited to quote.
- Read back the details to the Supplier contact person to confirm their accuracy.
- Written notes detailing each verbal quotation must be recorded.

Record keeping requirements must be maintained in accordance with record keeping policies. The Shire of Jerramungup Purchasing and Tender Guide contains sample forms for recording verbal and written quotations.

#### **1.6.3 \$20,000 to \$50,999**

For the procurement of goods or services where the value exceeds \$20,000 but is less than \$39,999, it is required to obtain at least three written quotes (commonly a sufficient number of quotes would be sought according to the type and nature of purchase).

The responsible officer is expected to demonstrate due diligence seeking quotes and to comply with any record keeping and audit requirements. Record keeping requirements must be maintained in accordance with record keeping policies.

**NOTES:** The general principles relating to written quotations are;

- An appropriately detailed specification should communicate requirement(s) in a clear, concise and logical fashion.
- The request for written quotation should include as a minimum:
  - Written Specification
  - Selection Criteria to be applied
  - Price Schedule
  - Conditions of responding
  - Validity period of offer
- Invitations to quote should be issued simultaneously to ensure that all parties receive an equal opportunity to respond.
- Offer to all prospective suppliers at the same time any new information that is likely to change the requirements.
- Responses should be assessed for compliance, then against the selection criteria, and then value for money and all evaluations documented.
- Respondents should be advised in writing as soon as possible after the final determination is made and approved.

The Local Government Purchasing and Tender Guide produced by the Western Australian Local Government Association (WALGA) should be consulted for further details and guidance.

#### **1.6.4 \$51,000 to \$99,999**

For the procurement of goods or services where the value exceeds \$51,000 but is less than \$99,999, it is required to obtain at least three written quotations containing price and a sufficient amount of information relating to the specification of goods and services being purchased.

The Local Government Purchasing and Tender Guide has a series of forms including a Request for Quotation Template which can assist with recording details. Record keeping requirements must be maintained in accordance with record keeping policies.

For this procurement range, the selection should not be based on price alone, and it is strongly recommended to consider some of the qualitative factors such as quality, stock availability, accreditation, time for completion or delivery, warranty conditions, technology, maintenance requirements, organisation's capability, previous relevant experience and any other relevant factors as part of the assessment of the quote.

## **1.7 REGULATORY COMPLIANCE**

### **1.7.1 Tender Exemption**

In the following instances public tenders or quotation procedures are not required (regardless of the value of expenditure):

- An emergency situation as defined by the Local Government Act 1995;
- The purchase is under a contract of WALGA (Preferred Supplier Arrangements), Department of Treasury and Finance (permitted Common Use Arrangements), Regional Council, or another Local Government;
- The purchase is under auction which has been authorised by Council;
- The contract is for petrol, oil, or other liquid or gas used for internal combustion engines;
- Any of the other exclusions under Regulation 11 of the Functions and General Regulations apply.

### **1.7.2 Sole Source of Supply (Monopoly Suppliers)**

The procurement of goods and/or services available from only one private sector source of supply, (i.e. manufacturer, supplier or agency) is permitted without the need to call competitive quotations provided that there must genuinely be only one source of supply. Every endeavour to find alternative sources must be made. Written confirmation of this must be kept on file for later audit.

**Note:** The application of provision "sole source of supply" should only occur in limited cases and procurement experience indicates that generally more than one supplier is able to provide the requirements.

### **1.7.3 Anti-Avoidance**

The Shire of Jerramungup shall not enter two or more contracts of a similar nature for the purpose of splitting the value of the contracts to take the value of consideration below the level of \$100,000, thereby avoiding the need to publicly tender.

### **1.7.4 Tender Criteria**

The Shire of Jerramungup shall, before tenders are publicly

invited, determine in writing the criteria for deciding which tender should be accepted.

The evaluation panel shall be established prior to the advertising of a tender and include a mix of skills and experience relevant to the nature of the purchase.

For Requests with a total estimated (Ex GST) price of:

- Between \$51,000 and \$99,999, the panel must contain a minimum of 2 members; and
- \$100,000 and above, the panel must contain a minimum of 3 members.

### **1.7.5 Advertising Tenders**

Tenders are to be advertised in a state wide publication e.g. "The West Australian" newspaper, Local Government Tenders section, preferably on a Wednesday or Saturday.

The tender must remain open for at least 14 days after the date the tender is advertised. Care must be taken to ensure that 14 **full** days are provided as a minimum.

The notice must include;

- a brief description of the goods or services required;
- information as to where and how tenders may be submitted;
- the date and time after which tenders cannot be submitted;
- particulars identifying a person from who more detailed information as to tendering may be obtained;
- detailed information shall include;
  - such information as the Shire of Jerramungup decides should be disclosed to those interested in submitting a tender;
  - detailed specifications of the goods or services required;
  - the criteria for deciding which tender should be accepted;
  - whether or not the Shire of Jerramungup has decided to submit a tender; and
  - whether or not tenders can be submitted by facsimile or other electronic means, and if so, how tenders may so be submitted.

### **1.7.6 Issuing Tender Documentation**

Tenders will not be made available (counter, mail, internet, referral, or other means) without a robust process to ensure the recording of details of all parties who acquire the documentation.

This is essential as if clarifications, addendums or further communication is required prior to the close of tenders, all potential tenderers must have equal access to this information in order for the Shire of Jerramungup not to compromise its Duty to be Fair.

#### **1.7.7 Tender Deadline**

A tender that is not received in full in the required format by the advertised Tender Deadline shall be rejected.

#### **1.7.8 Opening of Tenders**

No tenders are to be removed from the tender box, or opened (read or evaluated) prior to the Tender Deadline.

Tenders are to be opened in the presence of the Chief Executive Officer's delegated nominee and preferably at least one other Council Officer. The details of all tenders received and opened shall be recorded in the Tenders Register.

Tenders are to be opened in accordance with the advertised time and place. There is no obligation to disclose or record tendered prices at the tender opening, and price information should be regarded as *commercial-in-confidence* to the Shire of Jerramungup. Members of the public are entitled to be present.

The Tenderer's Offer form, Price Schedule and other appropriate pages from each tender shall be date stamped and initialled by at least two Shire of Jerramungup Officers present at the opening of tenders.

#### **1.7.9 No Tenders Received**

Where the Shire of Jerramungup has invited tenders, however no compliant submissions have been received, direct purchases can be arranged on the basis of the following:

- a sufficient number of quotations are obtained;
- the process follows the guidelines for seeking quotations between \$51,000 & \$99,999 (listed above);
- the specification for goods and/or services remains unchanged;
- purchasing is arranged within 6 months of the closing date of the lapsed tender.

#### **1.7.10 Tender Evaluation**

Tenders that have not been rejected shall be assessed by the Shire of Jerramungup by means of a written evaluation against the pre-determined criteria. The tender evaluation panel shall assess each tender that has not been rejected to determine which tender is most advantageous.

#### **1.7.11 Addendum to Tender**

If, after the tender has been publicly advertised, any changes, variations or adjustments to the tender document and/or the conditions of tender are required, the Shire of Jerramungup may vary the initial information by taking reasonable steps to give each person who has sought copies of the tender documents notice of the variation.

#### **1.7.12 Minor Variation**

If after the tender has been publicly advertised and a successful tenderer has been chosen but before the Shire of Jerramungup and tenderer have entered into a Contract, a minor variation may be made by the Shire of Jerramungup.

A minor variation will not alter the nature of the goods and/or services procured, nor will it materially alter the specification or structure provided for by the initial tender.

#### **1.7.13 Notification of Outcome**

Each tenderer shall be notified of the outcome of the tender following Council resolution. Notification shall include:

- The name of the successful tenderer
- The total value of consideration of the winning offer

The details and total value of consideration for the winning offer must also be entered into the Tenders Register at the conclusion of the tender process.

#### **1.7.14 Records Management**

All records associated with the tender process or a direct purchase process must be recorded and retained. For a tender process this includes:

- Tender documentation;
- Internal documentation;
- Evaluation documentation;

- Enquiry and response documentation;
- Notification and award documentation.

For a direct purchasing process this includes:

- Quotation documentation;
- Internal documentation;
- Order forms and requisitions.

Record retention shall be in accordance with the minimum requirements of the State Records Act, and the Shire of Jerramungup's internal records management policy.

**Adopted by Council:**

**Review Date: 31 March 2014**

**Responsible Officer: Deputy Chief Executive Officer**