



Government of **Western Australia**
Department of **Treasury and Finance**
Government Procurement

Procurement Practice Guide

For Public Authorities

January 2008



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Introduction

The Procurement Practice Guide provides an effective 'how to' framework for public sector contracting for products and/or services. Understanding and adhering to these guidelines will help you achieve efficient and effective purchasing outcomes for government.

Purchasing processes should be cost effective for both public authorities and suppliers. A well-planned purchasing process will ensure that policies are followed, pitfalls are avoided and a successful outcome is achieved. It is important to be aware of responsibilities and to plan the entire purchase process before starting. Errors, uncertainty and unrealistic timelines can undermine market confidence, discredit a purchasing process and devalue the outcome of the procurement.

These guidelines cover the primary issues relating to government purchasing and should be read in conjunction with your agency's own procurement policies and guidelines. Further advice and assistance is available to public authorities from the State Supply Commission (SSC) and the Department of Treasury and Finance (DTF), if circumstances arise that are not addressed in this Guide.

Application of the Guide

This Guide and the SSC policies reflect the principles and arrangements fundamental to efficient and effective purchasing and contracting.

For consistency the term 'public authority' has been used throughout. However, this Guide is provided for general use across the public sector and applies to all methods of procurement, including e-commerce methods.

In undertaking any procurement activity, public authorities, and any private sector organisations purchasing on their behalf, must understand and comply with the policy requirements outlined in the SSC policies.

In the event of any inconsistency between this Guide and the supply policies, compliance with the policies takes precedence. All supply policies can be viewed at the SSC's website at www.ssc.wa.gov.au.

Public Authorities' Delegations for Purchasing

The SSC delegates its purchasing and contracting authority to public authorities under the jurisdiction of the State Supply Commission Act 1991 (the Act).

Under the Act, the authority to purchase resides with the Accountable Authority. This is the officer responsible for the purchasing undertaken by a public authority, and is usually the public authority's Director General, Chief Executive Officer or their delegate.

For most public authorities, their delegation to purchase provided under the Act requires them to involve the Department of Treasury and Finance (DTF) for purchases over \$20,000. As a result of the Procurement Reform program, the Department of Treasury and Finance established teams of procurement professionals based in the key public authorities.

Public authorities under the jurisdiction of the Act were issued with an unlimited partial exemption with a special condition of the DTF being involved in all purchases over \$20,000. Public authorities should use this framework to conduct their day-to-day purchasing. The DTF procurement team works with the public authorities to facilitate the desired outcomes for strategic purchases, using a best practice framework.

The key concept to appreciate is that, although the procurement process is facilitated by the DTF, responsibility for the purchase remains with the Accountable Authority.

There are four public authorities that can procure products and/or services to any value without either involvement by the DTF or the State Tenders Review Committee. However, they must comply with SSC and government procurement policies. These agencies are:

- Public Transport Authority;
- Fire and Emergency Services Authority;
- Main Roads Western Australia; and
- Insurance Commission of Western Australia.

The DTF has been issued with a delegation that allows it to develop and manage whole of government Common Use Arrangements (CUAs) and to purchase products and/or services on behalf of public authorities. For more information please refer to the Appendix - Common Use Arrangements.

Structure of the Guide

The first part of the guide has been structured in line with the financial thresholds set out in the State Supply Commission's Open & Effective Competition Policy. Even though all procurement has some common elements, the best practice requirements for each purchase will vary depending on the size and complexity of each purchase.

Specific procedures cover the procurement processes for:

- Direct Purchasing for purchases up to \$5,000;
- Verbal Quotations for purchases between \$5,001 and \$20,000;
- Written Quotations for purchases between \$20,001 and \$150,000; and
- Open Tender for purchases above \$150,000.

Although the generic steps making up the procurement process have been presented in this guide, it should be acknowledged that each procurement requirement may have differences or specialised needs. Recognition of such differences will result in public authorities adapting and applying the process in a manner that will best achieve their individual requirements.

Appendices

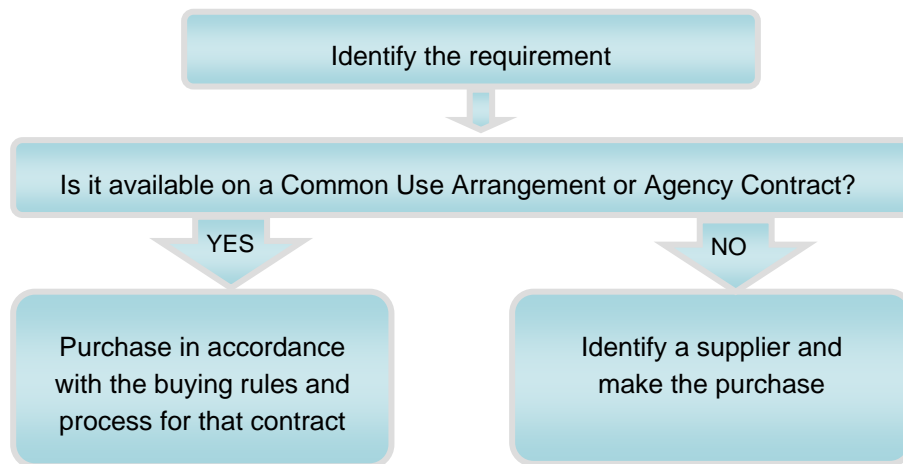
The appendices are arranged in separate topics and provide more detailed information relating to particular elements of the procurement process. These appendices are:

- Appendix - Standard Documents and Templates;
- Appendix - Procurement Plans;
- Appendix - Risk Assessment and Management *;
- Appendix - Evaluation Panels;
- Appendix - Contract Management;
- Appendix - Common Use Arrangements;
- Appendix - Purchasing Cards;
- Appendix - Buy Local / AUSFTA;
- Appendix - Agency Specific Panel Contracts;
- Appendix - Probity and Accountability;
- Appendix - Sustainability;
- Appendix - Disposals;
- Appendix – Exemptions; and
- Appendix Glossary of Terms.

* Note: The appendix on Risk Assessment and Management is not included in this document but appears on the DTF Government Procurement website as a separate document.

Direct Purchasing Up to \$5,000

Subject to certain conditions, the SSC's Open and Effective Competition policy enables authorised officers within public authorities to directly purchase up to the value of \$5,000 (including GST). This means that where an officer is satisfied that the purchase represents value for money and they have the appropriate authority, they can proceed to directly purchase. The recommended purchasing process is shown in the following diagram:

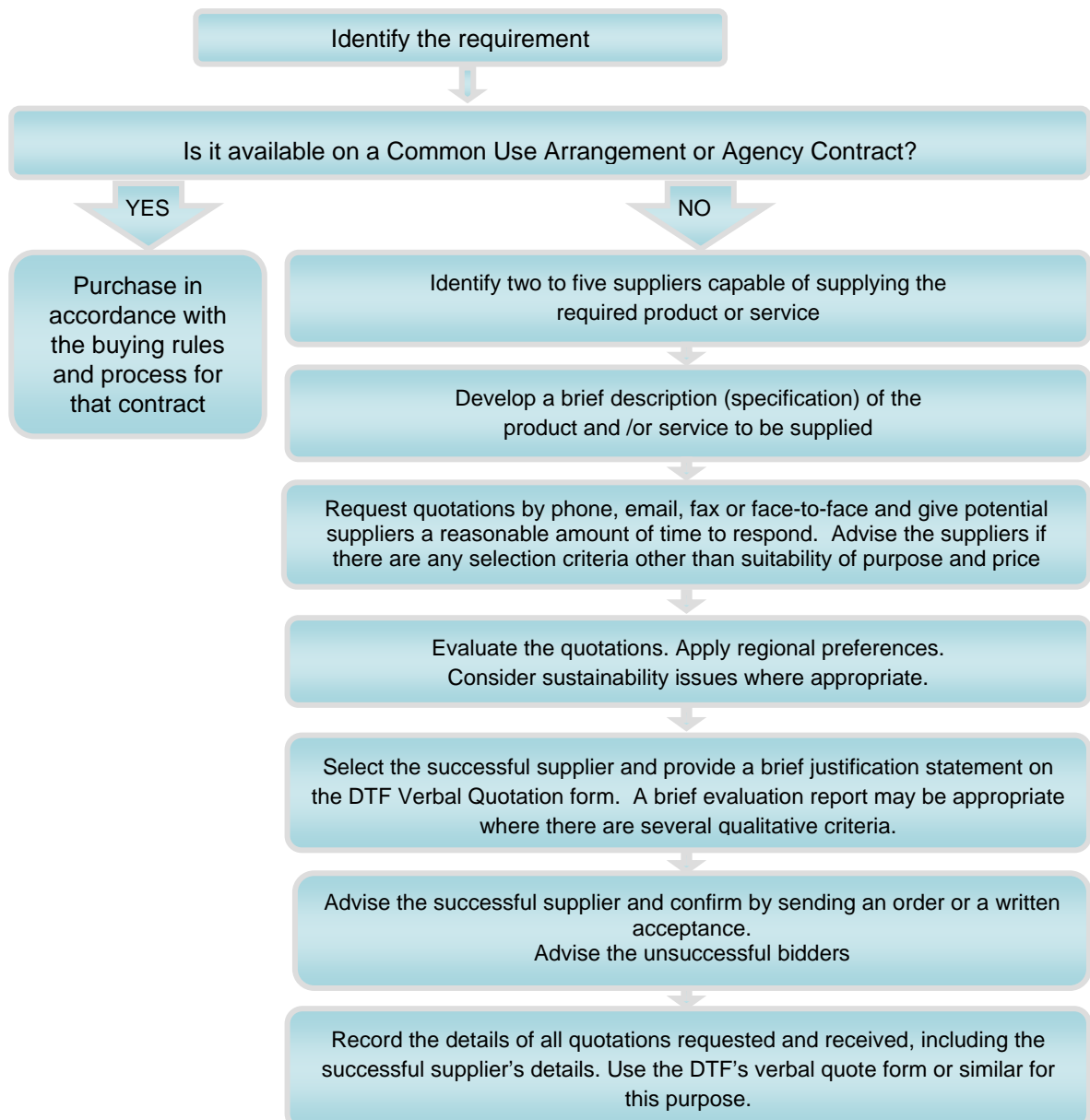


Guide Notes:

1. Officers may use their general knowledge of the market, advertisements, in-store price comparisons, catalogues, journals, supplier web sites and any other reasonable means to determine whether the purchase represents value for money.
2. Officers should seek more than one quotation if they are not satisfied that their first choice of supplier would represent value for money. Use the DTF Verbal Quotation template for this purpose.
3. The use of purchasing cards is encouraged. For more information please refer to Appendix – Purchasing Cards.
4. Appropriate records of purchases need to be kept. This usually includes a purchase order, receipts or purchasing card statements.
5. Different suppliers should be used from time to time to test value for money for regular purchases.
6. Orders should not be split to avoid competitive processes.

Verbal Quotations for Purchasing Between \$5,001 - \$20,000

The SSC's Open and Effective Competition policy enables agencies to seek sufficient verbal quotations for purchases up to \$20,000 (including GST). As a guide, between two to five quotations will be sufficient to meet the requirements of this policy. The recommended purchasing process is shown in the following diagram:

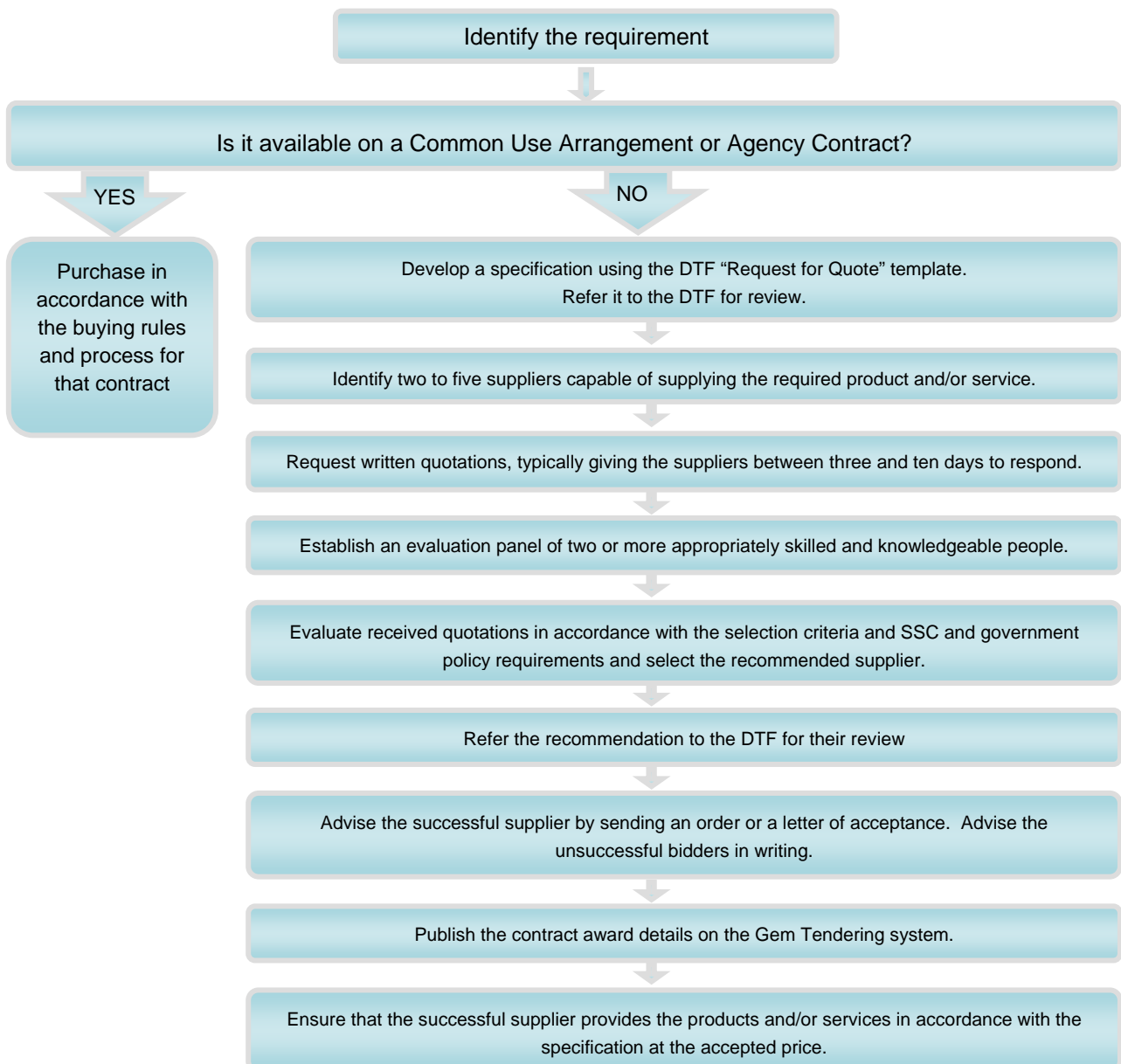


Guide Notes:

1. An “appropriate time to respond” for potential suppliers will vary depending on the nature of the purchase. Allow sufficient time for potential suppliers to develop their quotation and confirm in writing, if required.
2. It is good practice to give the suppliers a date to get back to you.
3. Should the price of the successful supplier exceed the verbal quotation threshold, the Accountable Authority may elect to still proceed to award the contract. In assessing this, the Accountable Authority will consider how much the threshold has been exceeded by and the benefits of another competitive written quotation process.
4. Unsuccessful bidders should be advised of the result. A simple email, fax or phone call is sufficient. A letter of decline is not required.
5. The Accountable Authority may approve an exemption for competitive processes in the circumstances outlined in the SSC’s Open and Effective Competition policy.

Written Quotations for Purchasing Between \$20,001 and \$150,000

The SSC's Open and Effective Competition policy requires agencies to seek written quotes for purchases over \$20,000 and under \$150,000 (including GST). As a guide, between two to five requested quotes will be sufficient to meet the requirements of this policy. The recommended purchasing process is shown in the following diagram:



Procurement of products and services valued between \$20,000 and \$150,000 (including GST) requires a competitive written quotation process to demonstrate that the purchase represents best value for money.

For most public authorities, their delegation to purchase under the State Supply Commission Act (1991) requires the involvement of the Department of Treasury and Finance (DTF) for purchases over \$20,000. As a result of the Procurement Reform program, the Department of Treasury and Finance established teams of procurement professionals based in the key public authorities. If there is a local DTF Procurement team based at your agency, you should seek their assistance with your proposed purchase as early as possible.

If there is not a DTF procurement team based at your agency, depending on the value and risk profile of the purchase, you should make contact with the DTF Government Procurement Business Unit as early as possible. Contact the DTF Client Procurement Services Division for the purchase of general products and services or the ICT Sourcing Directorate for information and communication technology projects. Contact the DTF Regional Buying Centre if you are based in the Mid West, South West, Albany or Goldfields-Esperance regional areas. If you are unsure who to contact, call the DTF's Service Centre on gem@dtf.wa.gov.au or (08) 9222 5468

Guide notes:

1. Following the DTF "Request for Quote" template will ensure that all process and State Supply Commission (SSC) and government policy requirements will be adequately covered. The DTF templates can be accessed from the DTF website (www.dtf.wa.gov.au)
2. Clearly define and specify the product and/or service being purchased. This will enable suppliers to respond and to appropriately price their bid.
3. Specifications need to be prepared in such a way so as to encourage competition. Specifications should clearly distinguish between those requirements that are mandatory and those that are merely desirable. The specification needs to be realistically aligned with the budget for the purchase and be commensurate with the complexity and risks involved.
4. Ensure that regional suppliers are given every opportunity to supply for a regional purchase, and that sustainability issues are considered when developing the specification.
5. Written quotes must be sought from bona fide suppliers using email, fax or mail. Always use caution when seeking quotes from the same suppliers routinely and periodically seek quotes from new suppliers.
6. Ensure that the same information is made available to all potential suppliers. If there is an important change to the purchasing requirements, issue an addendum and extend the closing date, if necessary, in writing.

7. Written quotations should be lodged (by fax or email or by hand) and placed in a secure area and not be viewed by the evaluation panel until after the designated closing time. Use of a secure tender box is preferred, but not required. Confidentiality needs to be maintained throughout the evaluation process.
8. The evaluation panel must evaluate the quotes in accordance with the process and selection criteria outlined in the "Request for Quote" template.
9. An evaluation report must be prepared outlining the evaluation process and providing justification for the chosen supplier representing best value for money. The report should cover all aspects of the purchase and must be able to stand up to independent review.
10. Public authorities are required to refer the completed evaluation report to the DTF for review. Act on any recommendations or advice provided by the DTF before proceeding.
11. Any negotiations with preferred respondents must be accurately recorded and any agreements incorporated into the final acceptance.
12. Only an appropriately authorised officer can award contracts. Refer to your department's delegation matrix.
13. Should the price of the successful bidder exceed the written quote threshold, the Accountable Authority may elect to still proceed to award the contract. In assessing this, the Accountable Authority will consider how much the threshold has been exceeded by and the benefits of an open tender process.
14. Where a contract requires ongoing management, appropriate contract management regimes need to be established. Refer to Appendix – Contract Management for more information.
15. The Accountable Authority may approve an exemption for competitive processes in the circumstances outlined in the SSC's Open and Effective Competition policy.

Open Tenders for Purchases over \$150,000

The SSC's Open and Effective Competition policy requires agencies to undertake a competitive process through an open tender for the purchase of products and services valued over \$150,000 (including GST).

The open tender process is divided into three phases:

- Procurement planning;
- Contract formation; and
- Contract management

The open tender process is shown in the following diagram:



Procurement of products and services valued over \$150,000 (including GST) requires a competitive process through an open tender to demonstrate that the purchase represents best value for money.

For most public authorities, their delegation to purchase under the State Supply Commission Act (1991) requires the involvement of the Department of Treasury and Finance (DTF) for purchases over \$20,000.

As a result of the Procurement Reform program, the Department of Treasury and Finance established teams of procurement professionals based in the key public authorities. If there is a local DTF Procurement team based at your agency, you should seek their assistance with your proposed purchase over \$150,000 as early as possible.

If there is not a DTF procurement team based at your agency, depending on the value and risk profile of the purchase, you should make contact with the DTF Government Procurement Business Unit at the beginning of the planning phase. Contact the DTF Client Procurement Services Division for the purchase of general products and services or the ICT Sourcing Directorate for information and communication technology projects. Contact the DTF Regional Buying Centre if you are based in the Mid West, South West, Albany or Goldfields-Esperance regional areas. If you are unsure who to contact, call the DTF's Service Centre on gem@dtf.wa.gov.au or (08) 9222 5468

In some cases, purchases over \$150,000 (including GST) from Common Use Arrangements (CUAs) do not require an open tender process. Please refer to the Buyers Guide for the relevant CUA for further information.

Policy Requirements

The State Supply Commission (SSC) is a statutory body established in 1991 to co-ordinate and oversee the purchase of products and services across the Western Australian government.

The SSC is responsible for the independent regulation and review of the government's procurement policy. Recent changes to the SSC's policies have placed a greater focus on achieving the strategic objectives of procurement for government. This includes achieving and demonstrating value for money, promoting efficiency, and ensuring high standards of probity and accountability.

Further information on the SSC's policies can be obtained from their website at www.ssc.wa.gov.au.

Australia-United States Free Trade Agreement

As of 1 January 2005, Australia is a signatory to the Australian – United States Free Trade Agreement (AUSFTA) that includes a range of specific commitments for Government Procurement. Public authorities must conduct covered procurements in accordance with the AUSFTA. The main commitment that impacts the standard tender process is the use of preference schemes.

A covered procurement is a procurement of products and/or services (not involving construction services) where the total contract value is estimated to equal or exceed the amount advised by the State Supply Commission. In January 2008 this value is \$AU 679,000 (total contract price including the value of any options and GST).

For more information on AUSFTA requirements, access the State Supply Commission website at www.ssc.wa.gov.au.

Also refer to Appendix Buy Local / AUSFTA for additional information.

Procurement Planning

It is important that the purchase is planned in advance. This will ensure an effective value for money outcome that is compliant with supply policy and limits the compliance and administration costs for both public authorities and any prospective suppliers.

Step 1 - Establish the Business Need

Start by clearly defining the need for the purchase and specify what is to be purchased.

Consider the range of purchase options available and the potential sources of supply. Poor identification of needs and suppliers may lead to incorrect goods or services being sought or offered, resulting in additional time, effort and cost.

Activities that can assist in establishing the business need include:

- Undertake research to identify purchase and potential suppliers.
- Identify/agree the outcome and determine best purchasing option in terms of policy requirements, risk, cost and other management issues.
- Preliminary cost-benefit analysis.

Consider whether there is an opportunity make the purchase from a local supplier. The Buy Local Policy requires public authorities to meet a target of 80 per cent of purchases from local suppliers.

Check availability from Common Use Arrangement or Agency Specific Contract

Check if what you want to buy is available from a Common Use Arrangement or an Agency Specific Contract. You can access information on what is available from the Common Use Arrangements from the DTF website. Check with your approving officer what specific contracts your public authority manages on its own behalf.

Refer to the Appendix – Common Use Arrangements and Agency Specific Contracts for more information.

Step 2 – Develop the business case

Where a purchase is likely to be high-risk, high-value or of a unique nature, consider developing a business case. The business case defines the scope of the purchase, develops the implementation strategy, ensuring that the option selected will meet the public authorities requirements.

Issues to consider when developing the business case include:

- Identify and appraise options.
- Establish affordability.
- Develop program or project brief.
- Develop the procurement strategy and process to ensure a viable outcome (contract) can be achieved.
- Obtain endorsement from appropriate forum e.g. State Tender Review Committee.

The Department of Treasury and Finance have developed a business case template that you can access at: http://www.dtf.wa.gov.au/cms/pro_content.asp?ID=1855.

Obtain approval to proceed with purchase

It is necessary to obtain the appropriate written internal approval to undertake the purchase. A signed memorandum or email may be sufficient. When seeking approval to proceed with the purchase, ensure that there is an approved budget sufficient to cover the cost of the purchase.

In the case of larger requests, it is considered best practice to provide potential suppliers with adequate notice through the Early Tender Advice facility on the Gem Tendering system (www.gem.wa.gov.au).

Refer to Appendix – Buy Local / AUSFTA for further information on the timeframes required to meet the AUSFTA obligations for covered procurements.

Step 3 – Procurement Strategy

The following matters in the Procurement Planning phase of the open tender process should be considered in finalising the procurement strategy, prior to commencing the contract formation phase.

Maintaining probity and accountability

Keep any relevant documentation and information on the purchase for audit purposes. You should ensure that the documents are stored in a secure and confidential manner.

Public authorities are obliged to comply with several pieces of legislation relating to record management practices, including the Financial Management Act (2006), Freedom of Information Act (1992) and the State Records Act (2000).

Refer to Appendix – Probity and Accountability for more information.

Review previous purchases

Has your public authority previously made a similar purchase? Consult with your colleagues, particularly the people who will use what is being purchased, as well as subject-matter specialists and other in-house experts.

You should also review any previous purchases made for similar products and/or services to identify any potential problems and solutions. There may have been issues in the past with the scope or cost of the purchase or with the supplier's ability to deliver.

Exemptions from open tender

The SSC's policy on Open and Effective Competition Policy allows exemptions from a number of requirements. This includes an exemption from a competitive process under certain circumstances and only with the approval of your public authority's Accountable Authority. Public authorities are required to maintain a register that records all instances where an exemption has been granted by the Accountable Authority.

Some exemptions may not be available under the AUSFTA obligations and reference should be made to the AUSFTA policy before proceeding with covered procurements.

Refer to Appendix - Buy Local / AUSFTA and Exemptions for more information.

Public authorities must obtain approval from the DTF if seeking an exemption to buying through a Common Use Arrangement (CUA) or to the buying rules of a CUA.

Planning the purchase and procurement plans

A procurement plan is a comprehensive document that outlines the stages in the project and how they will be managed. This should build upon any business case that may have already been developed to help define and guide the purchasing process.

Refer to Appendix - Procurement Plans for more information.

The DTF has developed a Procurement Plan template that can be accessed at: http://www.dtf.wa.gov.au/cms/pro_content.asp?ID=1855

Procurement plans valued over \$5 Million

Purchases with an estimated total price of \$5 Million or more (including GST) must be referred to the State Tender Review Committee for endorsement. Purchases exceeding \$5 Million from a Common Use Arrangement also require a procurement plan.

Establish an evaluation panel

Public Authorities are required to establish an evaluation panel for purchases above \$150,000, because the evaluation of the tender may be based on a qualitative assessment of the selection criteria.

The evaluation panel will assess the responses received against the selection criteria. The evaluation panel must include a range of skills and experience relevant to the nature of the purchase. A representative of the DTF Government Procurement Business Unit must participate in the evaluation process.

The DTF Evaluation Handbook template provides a format and methodology for rating the responses according to the selection criteria. The evaluation handbook should be prepared and the evaluation methodology and scoring agreed to by the evaluation panel before the requests close.

For requests with a total estimated price of more than \$150,000, the panel should contain a minimum of two Public Authority members and a representative from the DTF Government Procurement.

Refer to Appendix - Evaluation Panels for more information.

Develop the request and specification

The request may be interpreted as constituting part of a legally binding contract. Therefore it is important to ensure that each component of the request is written in a clear and precise way.

Identify the expected outputs, performance measures and any special considerations in the request. This will allow potential suppliers to devise innovative solutions when preparing offers during the request stage.

When developing the request, be sure to consult with your colleagues, take advantage of in-house expertise, and consult with users and subject matter specialists. This will help you to specify:

- exactly what is required;
- the required quantity and quality;
- timeframes;
- a contractual and technical contact person; and
- delivery/submission/lodgement instructions.

Accurate specifications are critical to the development of the request. For this reason it is recommended that you begin identifying the necessary specifications as early as possible.

Before preparing a specification:

- identify user needs. (Refer to the business case or procurement plan, if available);
- research the market to determine available solutions, the likely costs and time scales;
- conduct a risk analysis to identify potential problems and their consequences;
- determine the scope including the likely demands on a supplier and the range of products and/or services which will be required; and
- determine the evaluation criteria to clearly reflect the importance of the specification.

The cost of the tender process can be reduced if the specifications:

- are standardised for similar requirements;
- are concise and accurate; and
- can be readily incorporated into a formal contract.

The DTF, in conjunction with the State Solicitor's Office, has developed a suite of standardised request templates that represent the best practice in procurement documents. The request template includes examples of commonly used selection criteria.

You can access a copy of the DTF request template at:

http://www.dtf.wa.gov.au/cms/pro_content.asp?ID=1855

Refer to Appendix - Standard Documents and Templates for more information.

Consider sustainability

It is important to consider the sustainability issues as part of your decision making process. This includes the re-usability and durability of the product, as well as its energy efficiency and packaging.

Refer to Appendix - Sustainability for more information.

Conduct risk analysis

For each procurement process, it is mandatory to conduct a risk analysis to identify potential problems, the likelihood that they will occur and their consequences.

According to the Treasurer's Instruction 825 (Financial Management Act 2006) "In complying with the Treasurer's instructions, managers need to focus on material risks at all levels of the organisation and take necessary action to manage those risks. Risk management is an integral part of day-to-day operations and is an important element of effective internal control."

The AS/NZS 4360:2004 Risk Management Standard provides guidance in relation to the risk management process. For more information on conducting a risk management assessment and managing risk in contract management, see Appendix - Risk Assessment and Management.

RiskCover notification requirements

Public authorities should be aware of RiskCover notification requirements, which are set out in Clause 8 of the RiskCover Fund Guidelines.

Where further information is required, public authorities should contact their RiskCover client service manager or visit the website at <http://www.icwa.wa.gov.au>

Write the specification

The specification is a comprehensive description of the essential requirements for the products and/or services to be purchased. It should detail the nature, type and purpose of the product and/or service required. The specification must be clear, concise, accurate, logical and unambiguous. This ensures that the public authority obtains exactly what it needs and enables different offers to be compared on a like-to-like basis.

There are three main types of specifications:

- **functional** specifications which outline outcomes to be achieved;
- **performance-oriented** specifications which define the performance but not the methods used to achieve them; and
- **technical** specifications which detail physical characteristics, such as size, capacity and type of materials required.

Whichever type is chosen, it requires a clear description of the nature of the purchase, and the expected outcomes. When preparing specifications, include enough information to allow potential suppliers to assess whether they have the capability and capacity to satisfy the requirement. Specifications need to be prepared in such a way as to encourage and promote competition, and not be limited to commercial or brand-specific attributes.

The specification should clearly distinguish between mandatory requirements and those that are merely desirable. All requirements need to consider the approved budget of the purchase, sustainability issues and any specific risks that may be involved.

Contract management is an integral part of the purchasing cycle and needs to be considered early in the process. Consider developing a contract management plan. A contract management plan incorporates transition management, performance monitoring and ensures both parties fulfil their commercial and contractual commitments. A contract management plan is mandatory for contracts valued at over \$5 Million.

For more information on Contract Management, refer to Appendix - Contract Management.

For complex procurement, a staged approach to developing and refining the specification should be considered. This may involve developing a draft request and requesting feedback from potential suppliers. However, be cautious of a conflict of interest when seeking advice from the private sector. Providing professional advice on the preparation of a request may exclude potential suppliers from tendering for the work.

The specification should include other requirements such as warranty, maintenance, delivery or packaging, performance standards and performance measures.

Develop selection and compliance criteria

Selection criteria are used to assess the suitability of a potential respondent. Requests usually include some or all of the following types:

- Pre-qualification requirements are not point scored, rather, an assessment is made on a yes / no basis. In making this assessment, a potential supplier must comply with every detail of every requirement. Failure to answer 'yes' to all of the pre-qualification requirements will eliminate the potential supplier from further consideration;
- Compliance criteria are not point scored, rather an assessment is made on a yes / no basis. In making this assessment, a potential supplier may not need to comply with every detail of every requirement; and
- Qualitative criteria for those potential suppliers that are compliant, an evaluation is then made of each response to the qualitative criteria.

The selection criteria and weightings should be included in the request document. Selection criteria are the mechanism for assessing offers in terms of their ability to meet the specifications and other requirements of the procurement.

The standardised request template developed by the DTF includes examples of commonly used selection criteria.

The use of appropriate, well-defined selection criteria enables potential suppliers to focus their submissions. This assists the evaluation panel to assess the relative strengths and weaknesses of each potential supplier.

Maximise regional sourcing

The Government's Buy Local Policy requires public authorities to ensure that where purchases are being sought for delivery or use within a specific regional town or region, local businesses have an opportunity to participate. Opportunities for local suppliers to have access to the government marketplace should be given special consideration, particularly outside the Perth region where they can offer value for money.

For more information on Buy Local policy, refer to Appendix - Buy Local / AUSFTA.

Obtain approval for an open tender process

Once the need and specification have been determined, formal approval from your agency is necessary to undertake the purchase.

When seeking approval to proceed with the procurement, you are required to ensure that the approving officer is aware of the estimated cost of the requirement and that there is an approved budget.

It is not acceptable to split a purchase into smaller parcels in order to avoid having to conduct a competitive process.

Contract Formation

If the procurement planning is well managed, then the contract formation should be a smooth process. Best value for money will drive the decision making.

Step 4 – Competitive Procurement

The following describes the competitive process undertaken for open tenders.

Advertise the request

The request period should provide sufficient time to encourage potential suppliers to submit an offer and for the offer to be a competitive offer. When setting the timeframe consider the value, complexity or strategic nature of the request. As a guide, a common period is four weeks, with two weeks considered the minimum.

For contracts with an estimated value of the appropriate value or greater, please be aware that AUSFTA requirements may apply. Generally, under AUSFTA requirements, public authorities must provide potential suppliers with a minimum of 25 days to prepare and lodge a submission in response to a tender request. Refer to Appendix Buy Local / AUSFTA for additional information.

Advertise the request in the Government Tenders page of The West Australian and on the Gem Tendering system (www.gem.wa.gov.au). The request document should be attached for download by potential suppliers.

For non-routine or complex procurements, it may prove beneficial to issue the draft request to industry for comment before it is formally released to the market. This allows potential suppliers to advise whether the documentation is deficient, onerous or biased and to advise how it may be improved. However, be cautious of a conflict of interest when seeking advice from the private sector. Providing professional advice on the preparation of a request may exclude potential suppliers from tendering for the work.

A briefing for potential suppliers can be held to provide them with an overview of the request and what is being sought. The briefing also provides an opportunity for potential suppliers to clarify issues before the request closes. If attending a briefing session is mandatory for suppliers, this should be clearly stated as a pre-qualification requirement. The legal entity recorded in the attendance register must match the name of the entity submitting the offer.

Record all enquiries from potential suppliers. Where the enquiry requires a change to the request, issue an addendum to the potential suppliers. Where potential suppliers seek clarification, this process should be managed in such a way as to not give one potential supplier an unfair advantage.

Receive and record offers

An authorised officer should be responsible for the tender opening process. Offers must be held in a secure location. During the opening process it is recommended that at least two officers should be present. The procedures for the receipt, opening and registration of offers must safeguard their security and confidentiality. Be mindful of probity issues associated with late offers.

Contact the DTF's Service Centre on gem@dtf.wa.gov.au or (08) 9222 5468 for further information and advice on best practice in the tender opening process.

Retain all relevant documentation and information, particularly the offers themselves, on file in a secure and confidential manner for audit purposes and to protect the interests of suppliers. It is worth remembering at this point the legislation relating to record management practices, including the Financial Management Act (2006), Freedom of Information Act (1992) and the State Records Act (2000).

Evaluate offers

Now that the responses have been received, it is time to evaluate the offers. It is time to convene the evaluation panel and review the offers. The DTF has developed templates to assist with the process. The DTF member of the evaluation panel will facilitate the process.

The DTF Evaluation Handbook template provides a format and methodology for rating the responses according to the selection criteria. The evaluation handbook should be prepared and the evaluation methodology and scoring agreed to the evaluation panel before the requests close.

Following completion of the tender evaluation process, prepare an evaluation and recommendation report recording the reasons for the evaluation panel's recommendation. Reasons for the recommendation, and for the passing over of any lower priced offers, must be clearly documented and supported. The report should be a complete account of the evaluation and must be able to stand up to independent scrutiny.

Both the Evaluation Handbook and Report templates are available on the Department of Treasury and Finance website at: http://www.dtf.wa.gov.au/cms/pro_content.asp?ID=1855

Evaluation reports for purchases of \$1 Million

Evaluation reports for purchases of \$1 Million (including GST) and above must be submitted to the State Tender Review Committee for endorsement. Endorsement provides the public authority with confidence that the process used to select the recommended supplier is robust. The DTF member of the evaluation panel will facilitate the review.

Purchases from the Common Use Arrangements are exempt from this process.

Undertake due diligence

Due diligence is a formal stage during contract negotiations and management in which both parties have an opportunity to test their expectations and understanding of the contract. The due diligence phase is where false assumptions should be identified, with subsequent negotiations resolving any misunderstandings. This may include independent verification of accounting records, assets and sites.

Experience has shown that failure to conduct a thorough due diligence process substantially increases the risk of contract failure.

Formal due diligence will not usually be required for simple, routine or low-risk contracts.

Conduct negotiations

Public authorities must ensure the confidentiality of offers is maintained. If it is necessary to negotiate, these negotiations should commence with the preferred supplier. Negotiations must not involve trading-off one respondent's price against other potential supplier's prices.

Where negotiation is necessary, it is recommended that you establish a negotiation team that will develop a negotiation strategy prior to undertaking any discussions with the preferred supplier.

All details and correspondence relating to the negotiation must be recorded on the relevant file.

Step 5 – Award and Implement Contract

Once the competitive procurement process is complete the contract can be awarded. The following items relate to the award and implementation of the contract.

Obtain approval to award contract

The conduct of a competitive process through an open tender does not constitute approval to award a contract. Once the evaluation of offers has been completed, all relevant departmental approvals for procurement processes and financial expenditure must be obtained.

Once that has been done, the authorized officer will formally notify the contract award to the successful respondent.

The DTF has developed a standard "Award of Contract" letter template that can be accessed at: http://www.dtf.wa.gov.au/cms/pro_content.asp?ID=1855.

Notify unsuccessful suppliers

Formally notify the unsuccessful suppliers.

Upon request, you should provide a debriefing to unsuccessful suppliers. To maintain confidentiality of commercial information, this debrief should be limited to an examination of the unsuccessful supplier's offer against the evaluation criteria only and should not involve direct comparison between suppliers.

The DTF has developed a standard "Unsuccessful Offer" letter template that can be accessed at: http://www.dtf.wa.gov.au/cms/pro_content.asp?ID=1855.

Publish contract award

Where the awarded contract price is greater than \$20,000 (including GST), a public authority must publish the contract details on the Gem Tendering system after the successful supplier has been notified.

A public authority is not required to publish contract details where the Accountable Authority considers that the release of those contract details presents a significant operational risk, such as the potential to compromise security.

It is no longer a requirement to publish on the Gem Tendering system the result of purchases from a CUA where the awarded contract price is greater than \$20,000 (including GST).

Contract Management

The extent of contract management required will depend on the complexity and risk. However, pro-active contract management is always required, right through to closure.

Step 6 – Manage Contract

Contract management is an integral part of the purchasing cycle and should include all aspects relative to the value, risk and complexity of the contract. The contract administration arrangements should be identified and planned when the specification is prepared. This includes delegations, reporting requirements and relationships, and specific task responsibilities.

A formal contract management plan is required for contracts valued at over \$5 Million (including GST). It is also recommended that a contract management plan be put in place for lower value contracts that are deemed high risk. A formal plan is not required for simple or low risk procurement. A contract management plan incorporates transition management, performance monitoring and ensuring that both parties fulfil their commercial and contractual commitments.

If there is a requirement for extending or finalising a contract, it is essential that the appropriate actions be taken prior to the contract expiry date. Careful and timely planning will ensure that there is continuity in the provision of the service where required.

Step 7 – Closure and Review

A contract review process should be conducted at the completion of the contract, and prior to or concurrently with any new contract process. The outcome from this process should establish a clear understanding of future requirements and the information necessary to select the best course of action. A new contract should be tendered and awarded prior to the completion of the current contract where there is an ongoing need for the products and/or services covered by the existing contract. The commencement of the new contract should coincide with the expiry of the existing contract.

The DTF has developed a standard Contract Management Plan template that you can access at: http://www.dtf.wa.gov.au/cms/pro_content.asp?ID=1855

For additional information and guidelines on good contract management, see Appendix - Contract Management

State Supply Commission Supply Policies

The State Supply Commission's supply policies can be accessed at: <http://www.ssc.wa.gov.au>

Appendix - Standard Documents and Templates

The Department of Treasury and Finance (DTF) Government Procurement maintains a range of standard documents and templates in support of the Procurement Practice Guide. These documents and templates provide practical assistance to public authorities in all phases of the contracting process - from planning and forming a contract through to its operational management.

The documents and templates provide a standard format across the public sector, which will give consistency and efficiency to both buyers and suppliers in government contracting.

The DTF's Government Procurement is the custodian of the development and ongoing management of the documents and templates in conjunction with the State Solicitor's Office.

These documents and templates are mandatory for purchases where the DTF manage the administrative aspects of the purchase in accordance with arrangements that the Under Treasurer has agreed with public authorities.

The list of available documents and templates can be found at www.dtf.wa.gov.au/cms/pro_content.asp?id=1855.

If you have any queries about these documents or templates, please contact the Procurement Practice Manager on (08) 9222 5171.

Appendix - Procurement Plans

A procurement plan is a comprehensive document that outlines the stages of the purchase and how it will be managed. This should build upon any business case that may have already been developed to help define and guide the purchasing process.

The State Supply Commission's Procurement Planning and Contract Management Policy requires the development of a procurement plan for purchases with a total estimated price of \$5 million and above. Purchases exceeding \$5 Million from a Common Use Arrangement also require a procurement plan. Procurement plans must be referred to the State Tender Review Committee for endorsement.

However, the policy does allow for an exemption from this requirement. A public authority's Accountable Authority may decide, for a particular procurement, that a procurement plan is not required because it would be of no benefit due to the nature of that procurement.

The Department of Treasury and Finance Procurement Plan template is at: http://www.dtf.wa.gov.au/cms/pro_content.asp?ID=1855

The template provides a step-by-step guide to the elements that make up a procurement plan. Broadly, these elements are grouped into the following areas:

- Summary of the proposed procurement;
- Description of the current contract arrangements;
- Proposed procurement timetable;
- Risk analysis;
- The Buy Local Policy;
- Procurement Research;
- Procurement methodology and strategy; and
- Contract management.

Any public authority planning a purchase should refer to the Procurement Plan template for the complete requirements.

Appendix - Evaluation Panels

Public authorities are required to establish an evaluation panel for purchases above \$20,000 where the evaluation of the bids is based on a qualitative assessment of selection criteria.

The evaluation panel will assess the bids received against the selection criteria. The evaluation panel must include an appropriate mix of skills and experience relevant to the nature of the purchase. A representative of the Department of Treasury and Finance (DTF) Government Procurement must participate in the evaluation panel. This can be as a facilitator or advisor and/or voting member.

The DTF evaluation handbook template provides a format and methodology for rating the responses according to the selection criteria. The evaluation handbook should be prepared and the evaluation methodology and scoring agreed to by the evaluation panel before the requests close.

The following guide provides an overview of the roles and responsibilities of evaluation panels, and identifies useful insights into the issues that panels need to consider. For more information and advice regarding evaluation panels, you should make contact with the DTF Government Procurement. Contact the Client Procurement Services Division for the purchase of general products and services or the ICT Sourcing Directorate for information and communication technology projects.

Objectives

The key objectives of the evaluation panel are to:

- Make a recommendation to the Accountable Authority (that is, the public authority or agency) as to the supplier/s that best represents value for money.
- Ensure the assessment of responses is undertaken fairly;
- Ensure adherence to Government procurement policies; and
- Ensure that the requirements specified in the request are evaluated in a way that can be measured and documented.

Recommendations

The evaluation panel **does not** make the contract award decision. The Accountable Authority makes the final decision and awards the contract. If the Accountable Authority does not agree with the evaluation panel recommendation then:

- The recommendation can be referred back to the evaluation panel to review/reconsider; or
- The Accountable Authority can over rule the recommendation and award the contract on the basis of what he/she believes represents better value for money.

In either case, detailed supporting documentation justifying the final decision must be recorded.

When should an evaluation panel be used

When evaluation of bids is based on qualitative criteria over the value of \$20,000, an evaluation panel should be established.

The evaluation panel should include a range of skills and experience relevant to the nature of the purchase and include a panel member with an appropriate amount of procurement expertise. Non-public servants should not be voting panel members.

For requests with a total estimated price of more than \$150,000, the panel should contain a minimum of two Public Authority members and a representative from the DTF Government Procurement.

For requests with a total estimated price of more than \$1 Million, the panel should contain a minimum of three Public Authority members and a voting representative from the DTF Government Procurement.

Procedures and Principles for Evaluation

Public authorities engaged in purchasing goods and services from the private sector must ensure that their evaluation process meets appropriate probity standards.

Evaluation panels are part of these processes, so it is important that panel members are aware of the principles underlying probity.

Why should evaluation panel members be concerned about process?

There are two main reasons why members of the evaluation panel should be concerned:

Potential suppliers are entitled to a fair process; and

Failing to follow a fair process may lead to a judicial review, with a re-tender being required – this would be costly in terms of time and resources.

What are the requirements of fairness?

The following principles must be adhered to in the evaluation process:

Appropriate knowledge

Before commencing on the evaluation process, the evaluation panel and any supplementary members should have an understanding of:

- The contents of each response;
- The selection criteria against which responses will be rated; and
- The process by which each response will be rated.

Relevant considerations

The evaluation panel and any supplementary members should consider all relevant considerations related to each response. This would include the supplier's responses to the selection criteria and all other information suppliers were required to provide. In determining value for money, the panel should also consider any other matters that it considers relevant, e.g. risks associated with the response, financial capacity and capability of the potential supplier.

Irrelevant considerations

The evaluation process must not be based on irrelevant considerations. This includes hearsay, anecdotes, personal or unsubstantiated views of panel members and information that is not directly relevant to the Request.

Bias

The evaluation process must be free of bias and any perception of bias. Any connections between an evaluation panel member and a potential supplier must be disclosed to the evaluation panel chairperson. Evaluation panel members and supplementary members should not accept gifts from a potential supplier and should limit contact with potential suppliers during the evaluation process.

Any possible issue of bias should be discussed with the evaluation panel chairperson as soon as it arises.

Evidence of probity

Evaluation ratings and selections must be made on the basis of the material requested and included in the response, together with information obtained through meetings, presentation, and clarifications.

Confidentiality

The contents of each response should not be disclosed to any party outside of the formal evaluation process. Each response should be viewed as commercially confidential information.

Commenting during the evaluation process

The evaluation panel chairperson is the only person permitted to comment to outside parties about the evaluation process and outcome. The evaluation panel and any supplementary members should not discuss any element of the evaluation process with work colleagues or any other party.

Recording of response scores

The evaluation panel must fully record their evaluation against the selection requirements or criteria.

Conclusion

By observing and implementing these guidelines, the evaluation panel and any supplementary members will ensure that the evaluation process is open, defensible and auditable.

Following these guidelines not only ensures that the evaluation process is fair, but also helps to ensure that the best value for money outcome is achieved.

Declaration of Confidentiality and Interest:

Evaluation panel members may be required to complete a Declaration of Confidentiality and Interest statement. Once completed, please provide to the chairperson of the Evaluation Panel.

Appendix - Contract Management

All contract managers should have a good knowledge of the operation and performance of the contracts under their responsibility, and enhance contract outcomes through effective management and continuously seeking to improve contract performance.

Contract management is an integral part of the purchasing cycle. A contract management plan incorporates transition management, performance monitoring and ensures that both parties fulfil their commercial and contractual commitments.

Contracts over \$5 Million require a contract management plan under State Supply Commission (SSC) Policy. It may also be good practice to develop contract management plans for lower value contracts if they are considered to be of a medium or high risk.

However, under SSC policy, a contract management plan is not mandatory for procurements with a total estimated price of \$5 million and above, where:

- the Accountable Authority decides that a procurement plan or contract management plan is not required. The Accountable Authority may not make such a decision unless the Accountable Authority considers the relevant plan would be of no benefit due to the nature of that procurement; or
- the purchase is a one-off good and/or service that is not the subject of a period contract arrangement.

Step 1 Manage transition

If there is an incumbent contractor, the transition to a new one will require planned management.

Tasks include:

- identifying transition issues;
- developing a transition plan if appropriate;
- establishing a transition management team if appropriate; and
- implementing the transition management plan.

Transition planning procedures should be developed where:

- the contract will result in assets or intellectual property that will become the property of the public authority;
- security arrangements are required; and
- there is an ongoing service requirement.

The contract manager must have the necessary authority to administer contractual matters. Effective contract management will ensure the parties meet their contractual obligations and the contract provides value for money.

As soon as possible after the award of a contract, the contract manager should convene a contract management meeting with the successful respondent, public authority representatives and appropriate stakeholders. The purpose of this meeting is to ensure all parties have a common and clear understanding of their responsibilities and obligations. This meeting is important to establish good working relationships. Regular contract management meetings should be held.

Good contract management and regular clear communication between the parties should solve problems as they arise. Misunderstandings or disagreements should be resolved as quickly as possible. Use the mechanism for resolving issues specified in the contract. Alternative dispute resolution techniques should be used rather than litigation.

Following implementation and completion of the transition stage, the contractor should have assumed full responsibility for contract performance. The contract management plan should be finalised and implemented, and all contract management processes and activities agreed to.

The contract now moves into the contract operation stage in which the contract is actively managed.

Step 2 Contract operation

Contract administration arrangements should be identified and planned when the specification is prepared. This includes delegations, reporting requirements and relationships, and specific task responsibilities.

The contract manager should be appointed prior to the formation of the contract. This position is required for the length of the contract and the contract manager must have the appropriate skills, responsibility and accountability. Their role is to:

- understand the overall scope and nature of the contract, its primary objectives, and the risks involved;
- act with due care and diligence and observe all accounting and legal requirements during the course of the contract. This includes compliance with SSC policies and any other relevant government policies;
- maintain continuity of supply, ensure compliance with specified customer expectations and contract deliverables, and manage breaches of contract; and
- report against defined deliverables through performance measures and benchmarks.

Contract reporting

Fundamental to the management of any contract is the establishment of a reporting system that provides the contract manager with all the information required to ensure risks are managed and successful outcomes are achieved.

To achieve these objectives, contract reports must be relevant, succinct and timely, and should include:

- financial reporting requirements to address the needs of the contract manager, the public authority executives and financial controllers;
- technical reporting requirements to cover the technical aspects of the project, including standards of reliability, safety, performance criteria; and
- contractual reporting requirements to include reports on performance against specifications, allocation of resources, costs for work performed and other contractor evaluations.

Review meetings

The scope and frequency of meetings to review contract performance may vary, but should include:

- regular progress review meetings. Attendees should include key project team members such as public authority representatives, customer and contractor representatives. Discussions should include performance trends, impending contract events or milestones, changes to user demands and proposed actions/responses to current or potential problems;
- technical meetings conducted when required between technical representatives of the contract management team and the contractor to review reports and performance data and discuss current issues; and
- longer-term reviews and audits to determine the extent to which requirements are being met and how to address any emerging or anticipated needs for change. Issues to consider in these 'whole contract' reviews include the achievement of objectives, output versus budget, user satisfaction level and the extent to which value for money is being achieved.

Managing problems

However good the relationship between the public authority and contractor, problems can still arise. Many can be resolved quickly and fairly without affecting operations, through discussion and negotiation.

Prompt action must be taken if monitoring reveals that contractor performance does not meet the agreed standards. Strategies designed to deal with poor performance are fundamental to the management of every contract and can range from agreed problem-solving mechanisms to enforcing the contract conditions, or as a last resort, terminating the contract.

Contractors should be made aware of any shortcomings as they occur, if necessary, in writing. This enables issues to be clearly identified and addressed by all parties and, if required, provides an opportunity for the contractor to improve performance during the period of the contract. It also acts as a verification of performance, which can be referred to when a contract is up for extension or renewal.

Formal dispute resolution clauses must, however, be included in contracts for more difficult problems. The aim should be to ensure cooperation and a mutual desire to resolve the problem at the lowest practical level.

Cooperative problem solving and arbitration are preferable for managing contract breaches and disputes, with litigation being the last resort.

The audit trail

Public authorities must ensure accountability by maintaining documents and records of key contract management decisions. Such records are invaluable for problem and dispute resolution, review meetings, audit purposes and for planning any subsequent contracts.

Public authorities are obliged to comply with several pieces of legislation relating to record management practices, including the Financial Management Act (2006), Freedom of Information Act (1992) and the State Records Act (2000).

For some contracts, access to the contractor's records may also be required to ensure that relevant government supply policies are being adhered to. This requirement is particularly relevant to facilities management and similar contracts that require the contractor to purchase products and/or services on behalf of a public authority. Request documentation must specify the requirement for the public authority to have access to such information.

Continuous improvement

Striving for continuous improvement achieves additional benefits to those identified at the outset of the purchasing process. Where public authorities have longer-term contracts with suppliers, they should seek to provide incentives that encourage continuous improvement in performance. These would need to be considered and detailed in the initial request brief and then incorporated in the resulting contract and relationship.

Contracts for the supply of services are particularly suited to incentive based contracting arrangements, where the benefits of innovation or improved methods (not protected by intellectual property rights) proposed by the contractor are shared between the public authority and the contractor.

In working towards continuous improvement, contract managers should monitor the external environment to identify, define and adjust to changes in stakeholder needs. The contractor should also monitor the external environment to identify process improvements, industry trends and new technologies that may be applied to the contract.

Contractual change management

Changes may become necessary during the contract period. As a contract constitutes a legal agreement between the parties, there are both legal and cost considerations to be considered when effecting changes. For this reason, all contracts should contain formal change and variation procedures.

It is important that any proposed changes are managed in accordance with formal contract change procedures as follows:

- a written record is made of any potential need for change;
- the full implications of change are considered before making any amendments to the contract or contract price;
- those involved have the authority to negotiate changes;
- each step of the action taken is recorded, with any changes incorporated in the contract by a formal variation to the original; and
- customers are informed of the changes.

When seeking to vary a contract, contract managers must be mindful of whether the changes will significantly alter the original scope. In addition to considering each individual variation carefully, contract managers must be mindful of the cumulative effect of multiple variations (sometimes known as “contract creep”) and the extent to which they collectively can alter the original scope of work. Re-tendering may be required if the original scope is significantly altered. Variations not in accordance with the original terms and conditions of the contract will require separate approval.

Conflicts of interest

Contract management staff must be conscious of the need to avoid any conflict of interest in dealing with a supplier or service provider and any existing or emerging conflict of interest must be disclosed immediately and reported to the public authority’s management.

Contract management should be transparent, with the outcomes of reviews and meetings, together with any agreed actions or changes, documented. Similarly, confidential information and sensitive situations should be handled with due integrity.

Contract performance audits

The monitoring and evaluation of contract performance by contract managers is a continuous process. Potential conflicts of interest are possible because contract managers may be involved in the review, evaluation and management of contracts. Periodic independent audits should be conducted for high risk, high value contracts.

Client satisfaction

The extent to which the needs of clients' or end users have been satisfied is traditionally considered as part of the review and evaluation process on the completion of a contract. However, feedback remains a valid part of the contract review process and should be provided throughout the term of the contract. Public authorities must therefore establish a mechanism for obtaining regular feedback on contractor performance.

The contract management plan

As previously outlined a contract management plan contains all of the pertinent information about how the contract is to be managed. It is a dynamic document that starts during the contract planning stage, is further developed during contract formation, and may continue to be modified throughout the period of the contract.

The DTF has developed a standard contract management plan template that you can access at: http://www.dtf.wa.gov.au/cms/pro_content.asp?ID=1855

Step 3 Extend or finalise contract

Each contract will have a defined period of operation. Public authorities have two main options as the contract expiry date approaches:

- exercise a contract extension option where available under the contract term; or
- finalise the contract in accordance with the contract term.

If there is a requirement for extending or finalising a contract, it is essential that the appropriate steps be taken prior to the contract expiry date. Careful and timely planning will ensure that there is a continuity in the provision of the service where required.

Contracts due to expire should be reviewed to determine future requirements and options for those requirements to be met. This review should be undertaken in sufficient time for the public authority to call a tender if required, prior to the expiry of the existing contract.

The following matters should be addressed:

- future requirements of the public authority or end-users;
- comparison of actual expenditure against estimated value of the contract;
- current contractor's performance; and
- developments in the marketplace.

(a) Extend

If the contract includes extension options then the extension should be considered, taking into account:

- performance of the current contractor in meeting its obligations;
- effectiveness of the contract and whether any desired improvements can be negotiated; and
- developments in the marketplace.

(b) Finalise

A finalisation process should be undertaken at the end of the contract term. The process should involve review of:

- successful completion of the contract;
- completing arrangements for contract review – provides a guide to future purchasing, continuous improvement and accountability;
- finalisation of the warranty commitments; and
- reporting requirements.

Step 4 Review and evaluate contract

At this stage a review should be conducted of the success of the contract in meeting its original objectives.

This contract review process should be evaluated at the completion of the contract, and prior to or concurrently with any new contract process. The outcome from this process should establish a clear understanding of future requirements and the information necessary to select the best course of action.

Step 5 Renew the contract

A new contract should be tendered and awarded prior to the completion of the current contract where there is an ongoing need for the products and/or services covered by the existing contract. The commencement of the new contract should coincide with the expiry of the existing contract. This should also coincide with ongoing contract management, monitoring, and the development of the public authorities' Forward Procurement Plan.

Appendix - Common Use Arrangements

A Common Use Arrangement (CUA) is a whole-of-government standing offer arrangement, awarded to a single supplier or a panel of suppliers for the provision of specific goods or services commonly used within government. CUAs are aggregated supply arrangements that enable public authorities and other specified parties to source products and/or services.

A CUA is an efficient buying tool that streamlines the purchasing process between public authorities and suppliers. When orders are placed using a CUA, the standing offer is accepted and a binding contract commences for that particular quantity of products or services.

The majority of CUAs are mandatory and all public authorities must use these arrangements as their exclusive source of supply for the goods and/or services covered by the CUA.

In keeping with the government's commitment to the Buy Local Policy, public authorities located in country areas have the discretion to purchase products and/or services from local suppliers. As such, if a mandatory CUA features a Perth-based supplier then public authorities may choose to buy from a local or regional supplier offering value for money.

A Buyers' Guide is developed for each CUA and all purchases made against a CUA must be made in accordance with the relevant Buyers' Guide. Refer to the following for a complete list of CUA Buyers' Guides:

http://www.gem.wa.gov.au/Gem/Buyers/Contracts/cuc_buyers_guides.

Alternatively, refer to the Government Contract Directory (eBook), which is an electronic list of all CUAs and their relevant Guides:

<http://www.dtf.wa.gov.au/cms/ContractDirectory/index.html>.

It is no longer a requirement to publish the result of purchases from a CUA where the awarded contract price is greater than \$20,000.

Appendix - Purchasing Card

The purchasing card is in every sense, a successful procurement and payment tool. It reduces bureaucracy and saves money, enhances purchasing controls and provides increased transparency.

Purchasing cards help maximise savings through the elimination of requisitions, hard-copy orders and reduce processing costs (estimated to be between \$19 and \$52 per transaction). Cardholders can deal directly with suppliers, within the pre-determined spending limits. The ideal transactions suitable for card payment are all purchases under \$5,000.

The Treasurer has encouraged all public authorities to review business processes and develop strategies to increase the use of the government purchasing card. The Treasurer has endorsed a procurement strategy aimed at resolving barriers to the wider adoption of purchasing cards. This strategy aims to significantly increase the proportion of government purchases made on purchasing cards. The targets include:

- significantly increasing the number of Purchasing Cards; and
- increasing the number of purchasing transactions < \$5,000 paid by purchasing card to:
 - 40% by 2008
 - 60% by 2009
 - 80% by 2010

When selecting a supplier, Public authorities should take into consideration whether the supplier accepts payment by purchasing card.

The implementation of an Expense Management System to support the use of purchasing cards provides increased transparency of purchasing, increased opportunity for spend analysis and reporting, and increased budget compliance.

Appendix - Buy Local / AUSFTA

The State Government's Buy Local Policy aims to maximise supply opportunities for competitive local Western Australian businesses when bidding for government contracts. The policy supports other government initiatives to attract new investment, encourage employment creation and growth and to stimulate sustainable industry development within Western Australia.

Public authorities are required to evaluate all quotations and tenders with the intent of achieving a value for money outcome for government.

View [The Buy Local Policy and Addendum](#) – January 2008.

AUSFTA

On 1 January 2005, the Commonwealth Government became a signatory to the Australia-United States Free Trade Agreement (AUSFTA). Chapter 15 of the AUSFTA contains legally binding requirements relating to procurement activities conducted by Western Australian public authorities.

The following describes key information public authorities require to procure in accordance with Chapter 15 of the AUSFTA.

Governing principle

Public authorities must not:

- Treat a locally established supplier more favourably than other suppliers on the basis of degree of foreign affiliation or ownership; or
- Seek, take into account, impose, or enforce offsets such as pre-qualification criteria, evaluation criteria or contract award not applicable to all suppliers.

Thresholds

The AUSFTA applies to:

- The procurement of products and/or services equal to or above \$AU 679,000 (total contract price including the value of any options and GST); and
- Construction contracts equal to or above \$AU 9,570,000 (total contract price including the value of any options and GST).

These values are updated annually. The values shown were effective from February 2008.

Procurement methods

Public authorities may procure via open, selective or limited tendering procedures. However:

- Selective tendering may only be used provided the public authority invites tenders from the largest number of Australian and United States suppliers that is consistent with the efficient operation of the procurement process; and
- Limited tendering may only be used provided the public authority does not do so in order to avoid competition, or to protect domestic suppliers, or in a manner that discriminates against United States suppliers.

Tender documentation

Public authorities must promptly provide, on supplier request, tender documentation and any relevant information to permit all suppliers to prepare and submit responsive tenders. This does not include information that would give a supplier or group of suppliers an advantage over competitors in the procurement.

Technical specifications

Public authorities may not prepare, adopt or apply any technical specification or prescribe any assessment of conformity that has the purpose or the effect of creating unnecessary obstacles to trade between Australia and the United States. Where this type of specification is absolutely necessary, words such as 'or equivalent' must be included in the specification.

Time limit for advertising tenders

Public authorities must provide potential suppliers with a minimum of 25 days to prepare and lodge a submission in response to a tender request. Under the following circumstances a public authority may establish a time limit that is less than 25 days but is not less than 10 days:

- Where a public authority has published details of the proposed procurement using the Early Tender Advice facility on the Gem Tendering system, at least 30 days and not more than 12 months in advance, and these details include a description of the procurement, the estimated timing of the approach to the market, the estimated time limit for the submission of tenders and the procedure to obtain request documentation;
- Where the public authority procures commercial property or services¹;
- In the case of second or subsequent approaches to the market for procurement of a recurring nature; or
- Where a state of urgency substantiated by the public authority renders the required time limit impracticable; and
- In all cases, provided that the time limit is sufficiently long to enable suppliers to prepare and submit responsive tenders.

¹ Goods and services of a type that are sold or offered for sale to, and customarily purchased by, non-government buyers for non-government purposes, it includes products and services with modifications customary in the commercial marketplace as well as minor modifications not customarily available in the commercial marketplace.

Where a public authority has not issued invitations to tender electronically, or does not make tender documentation available electronically, the 25-day minimum lodgement period must be extended to 30 days.

Receipt and opening of tenders

Public authorities must receive and open all tenders under procedures that guarantee the fairness and impartiality of the procurement process and treat tenders in confidence.

Publication of award information

No later than 60 days after the award of a contract a public authority must publish a notice in an officially designated publication that may be in an electronic or paper medium. This notice may be published in the tenders page of The West Australian or on the Gem Tendering system.

For further information on the AUSTFA, go to the State Supply Commission web site (www.ssc.wa.gov.au) and download the State Supply Commission AUSFTA Guidelines document.

Appendix - Agency Specific Panel Contracts

An Accountable Authority may elect to establish an Agency Specific Panel Contract for the procurement of products and/or services, provided that no Common Use Arrangement exists in relation to those products and/or services.

As part of the tendering process, the rules should be specified as to how the successful suppliers on the panel will be chosen for purchases from the contract. For individual products and services above \$150,000, public authorities should discuss with the DTF whether it is best practice to include them in that contract.

It is good practice for public authorities to produce a buyers guide for their Agency Specific Panel Contracts.

Appendix - Probity and Accountability

Overview

Ensuring probity and accountability in government purchasing is a key supply policy objective.

Public authority employees must apply the highest levels of ethical behaviour in all areas of their work. This is particularly important in procurement, as it involves spending public money and is subject to high levels of public scrutiny.

Maintaining probity in procurement involves more than simply avoiding corrupt and dishonest conduct. It means ethical behaviour that upholds public values and ensures impartiality, accountability and transparency.

Transparency and accountability in procurement give suppliers the confidence to participate in the government marketplace, and an ethical culture minimises the cost of managing risks and enhances confidence in public administration.

Ensuring probity of action is every public authority employee's responsibility and can be promoted through the adoption of processes, practices and behaviours that support public sector values and interests.

In addition to supply policy, probity and accountability obligations for public authorities and public sector employees are imposed through:

- Western Australian Public Sector Code of Ethics;
- Public Sector Management Act 1994; and
- Financial Management Act 2006.

What is Probity?

"Probity" requires that a public authority conduct its procurement activities ethically, honestly and fairly. Elements of a procurement culture that promote and demonstrate high standards of probity include the following:

- acting in a manner that is consistent with a public authority's code of conduct;
- possessing the skills, knowledge and experience to deliver good procurement outcomes;
- Ensuring appropriate checks and balances are in place throughout the procurement process;
- Ensuring the concept of conflict of interest is well understood and strategies are in place to identify and manage potential issues;
- Ensuring communication with suppliers is consistent and does not disadvantage or advantage one supplier over others;
- Ensuring officers are not compromised in their ability to act, or to be seen to act, impartially; and

- Ensuring confidentiality of supplier information and evaluation processes is secure.

What is Accountability?

“Accountability” requires that a public authority be able to publicly account for its decisions and take responsibility for the achievement of procurement outcomes. Elements of a procurement culture that promote and demonstrate high standards of accountability include the following:

- Responsibility for procurement decisions is readily identifiable through a clearly defined delegation matrix;
- Adequate records are maintained to enable internal and external scrutiny of procurement decisions;
- Purchasing procedures guide officers through procurement activities in-line with the relevant government and supply policies;
- Contract award details are made public as required by policy; and
- Processes are in place to provide feedback to unsuccessful bidders and to manage supplier complaints.

Promoting and Demonstrating High Standards of Probity and Accountability

Public authorities can implement a range of initiatives and mechanisms to promote and demonstrate high standards of probity and accountability in their procurement activities. These may include, but are not limited to:

- Providing awareness training for officers on general procurement procedures and specific policy training for officers involved in procurement;
- Developing and establishing a procurement culture where expectations of behaviour are consistent with the provisions of the Western Australian Public Sector Code of Ethics;
- Developing and establishing a procurement policy (and culture) that strongly advises officers not to accept gifts or benefits, as they can be, or may be seen to be, a means of influence that can compromise or appear to compromise the integrity or impartiality of a procurement activity;
- Developing, publishing and enforcing agency purchasing procedures that incorporate and promote probity and accountability;
- Clearly separating procurement functions and responsibilities to ensure officers are not responsible for an entire procurement activity (i.e. from designing request specifications to paying invoices);
- Establishing a purchasing delegation matrix where authority to award contracts and spend funds is clearly articulated;
- Establishing a process for identifying, managing and resolving actual, perceived and potential conflicts of interest;

- Developing and utilising a tender evaluation handbook to guide evaluation panels through the evaluation process, ensure officers understand their rights, responsibilities and obligations as a panel member, and requires evaluation panel members to formally sign a declaration of confidentiality and interest.
- Ensuring interested parties have equal access to information;
- Ensuring interested parties have equal opportunity to respond;
- Advertising and communicating upcoming contracts to a degree commensurate to contract value and relative to the nature of the potential respondents;
- Giving due consideration to each offer received;
- Objectively evaluating offers without favour or bias;
- Notifying respondents of outcomes in a timely manner;
- Utilising selection criteria that do not favour a supplier or group of suppliers;
- Establishing independent and objective evaluation panels;
- Ensuring procurement activities and decisions are open to reasonable scrutiny and can withstand a 'public defensibility' test in the context of fairness, equity and 'value for money';
- Ensuring procurement activities are consistent with employee obligations under supply policy and other government legislation;
- Responding to legitimate requests for information in a timely manner;
- Recording accurate procurement documentation throughout the procurement process (for internal and external audit);
- Adhering to established procedures except in cases with clearly justifiable and well documented reasons;
- Evaluating offers with evaluation panels consisting of more than one person (and involving experts as required);
- Appointing a probity officer to provide advice on the integrity of the proposed process for large, complex or controversial procurement activities;
- Regularly and systematically monitoring supplier performance to ensure contract requirements are satisfied and issues of poor performance are documented and addressed;
- Defining document management and control procedures (physical and electronic) to protect and limit access to confidential information;
- Establishing and implementing clearly defined procedures for electronic security including information storage and communication processes; and
- Maintaining an independent and responsive complaints system.

Appendix - Sustainability

Sustainable procurement can minimise a public authority's environmental impacts as well as benefit society and the natural environment, and reduce overall operating costs. A public authority should consider procurements that will deliver the best value for money outcome through reduced greenhouse emissions, improved energy efficiency and support the use of recycled and recyclable goods.

The State Supply Commission's Sustainable Procurement policy requires public authorities to consider environmental impacts and opportunities during the procurement process, including:

- preparing procurement plans;
- preparing Request design, including selection criteria;
- preparing Request specifications that reflect environmental standards, codes or legislation;
- determining methods of verification of a preferred bidder's claims made regarding sustainability;
- writing evaluation reports; and
- as a measure of a supplier's contract performance against agreed commitments.

The Western Australian Government has committed to addressing sustainability in government business. Guidance on sustainable procurement principles is available at:

- Western Australian State Sustainability Strategy
- Sustainability Code of Practice for Government Agencies and Resource Guide for Implementation
- Australian and New Zealand Government Framework for Sustainable Procurement

Appendix - Disposals

Each year, the State Government spends more than \$9 billion on products, services and works to assist in the effective delivery of services to the community. A significant proportion of this expenditure is made on products, many of which need be disposed of when they become surplus to requirements. The expectation is therefore that a public authority disposes of these products in a manner that is ethical, equitable and efficient, and where practical maximises the financial return to government.

In order to achieve this goal and maximise the financial return to government, public authorities should:

- achieve the best available net return when selling products;
- appropriately handle products that require special consideration in their disposal; and
- ensure that all disposal dealings are undertaken in an even-handed, open and honest manner.

Although open and effective competition should be sought where practical when disposing of products, the effort involved in achieving this should be commensurate with the value of the products.

There are a number of reasons why it is appropriate to dispose of surplus products. It could be because they:

- are considered obsolete due to changes to procedures, functions or usage patterns;
- no longer comply with occupational health and safety standards;
- occupy storage space and are not expected to be used in the foreseeable future;
- are reaching their optimum selling time to maximise returns; or
- are beyond repair but can be sold for scrap.

Undertake valuation

Valuation can play an important part in the effective and efficient disposal of products as it provides an important reference point to help officers select the most appropriate disposal option.

The most accurate determination of value is always what the competitive market is prepared to pay. In addition to this, there are a number of agents who provide public authorities with expert valuations to ensure that the seller's expectations from sales are realistic. However, public authorities should only engage the services of an agent if the products are of sufficient value.

It is important to be aware that valuers may apportion a value on a product that is based on their replacement cost (for insurance purposes) and that this value will often be considerably more than what will eventually be realised at sale. Alternatively, valuers can claim that products have 'nil' book value after depreciation when in fact they could obtain a considerable sum at sale. It is therefore recommended that public authorities identify an appropriate type of valuation and instruct the valuers accordingly.

Identify disposal options

The primary aim of disposing of surplus products is to achieve the best net return or outcome for the government. It is therefore important that public authorities consider all disposal options before deciding which is the most appropriate. The disposal methods listed in the SSC policy are not exhaustive and public authorities may nominate other methods more appropriate for the particular disposal.

The DTF has developed a Common Use Arrangement (CUA) for Waste Disposal and Recycling Services. Another CUA has been developed specifically for the disposal of information and communications technology (ICT) equipment. Options for disposal under the ICT equipment disposal CUA include sale by auction house or direct sale, community re-use and environmental recycling.

Further information on the ICT Equipment Disposal and waste disposal contracts, including the Buyers' Guide, is available at www.gem.wa.gov.au.

Evaluate disposal options

When selecting the most appropriate method of disposal, public authorities should carefully evaluate each option. This can be achieved by identifying the costs and benefits of each option and linking them to the particular requirements of the disposal.

Factors to consider include:

- the type and condition of the surplus products;
- whether there have been any offers from other public authorities;
- the nature of the recipient market;
- time and resource issues; and
- the costs and benefits provided by each disposal option

Accountability

The disposal of surplus products is an activity that should be accountable and transparent. For this reason, a public authority may be asked to justify decisions it has taken. Public authorities should therefore exercise sound judgement in making disposal decisions to ensure:

- that methods employed are appropriate; and
- the result is in the best interests of the taxpayer.

Liability issues regarding disposal of products

A public authority should not offer any warranty as to the quality or condition of products offered for disposal.

Documentation relating to the products that a public authority is offering for disposal should contain a disclaimer and exclusion of warranty, which establishes that:

- the public authority offers no warranty on the condition of products for sale;
- all products are generally sold 'ex works' or 'as is, where is'; and
- the public authority will not admit any claims for rebates resulting from any error in description or quantity.

A public authority should consider seeking legal advice regarding the drafting of any disclaimer relating to the disposal of products of sufficient value.

Disposal of Electronic Equipment

Public authorities should consider information security issues when disposing of electronic equipment, such as faxes, copiers, printers and personal computers. Recent investigations found that the electronic equipment disposed of by some public authorities still contained sensitive and confidential information. Public authorities should ensure that all sensitive information is deleted from their electronic equipment prior to disposal.

Sale of products to public sector employees

Although it is not openly encouraged, circumstances may arise where a public authority considers an internal disposal to be the most appropriate disposal method. This method is in accordance with the policy where the products are valued at less than \$1,000.

When undertaking internal disposals, a public authority needs to be aware of the sensitivities that surround the selling of products to employees. If this disposal option is to be adopted, it is recommended that consideration be given to the following issues:

- Internal disposals may draw criticism from the general community and should therefore be used sparingly. Perception is important and a public authority must, if required, be able to justify why the particular method was chosen.
- Packaging of products is important.
- It should not be used as a means to remain under the \$1,000 threshold and therefore avoid a public disposal process.
- If products are packaged in large quantities, they may be targeted by employees for the purpose of resale. Some consideration should therefore be given to limiting the number of items an individual employee can purchase.
- Appropriate procedures ensure fairness and probity of the internal disposal process. This includes:
 - implementing a bidding process from the local work area.
 - nominating a closing date and time for bids.
 - ensuring sealed bids are placed in a tender box.
 - producing a written evaluation report.

Officers involved in the internal disposal process must not be permitted to bid for the products.

Destruction and dumping

A public authority may only destroy or dump products where the products:

- cannot be refurbished or reused;
- have no resale value;
- are non-recyclable; or
- cannot be disposed of in any other way, due to a law, government policy, public safety, or because they are of a hazardous or pollutant nature.

Appendix – Exemptions

The SSC's policy on Open and Effective Competition Policy allows exemptions from a number of requirements. This includes an exemption from a competitive process under certain circumstances and only with the approval of a public authority's Accountable Authority.

Public authorities are required to maintain a register that records all instances where an exemption from an open tender process (for purchases over \$150,000) has been granted by the Accountable Authority.

Public authorities must obtain approval from the Department of Treasury and Finance (DTF) if seeking an exemption to buying through a Common Use Arrangement (CUA).

Some exemptions may not be available under the AUSFTA obligations and reference should be made to the AUSFTA policy before proceeding with covered procurements.

CUA Exemptions

From 1 January 2008, the DTF is responsible for processing and approving all requests from public authorities seeking exemption from using a mandatory Common Use Arrangement (CUA).

The SSC policy on Common Use Arrangements states – “Where a CUA has been established, a public authority must purchase under it in accordance with the relevant Buyers' Guide, except where and to the extent that an officer of the Department of Treasury and Finance, Government Procurement, approves alternative arrangements.”

CUAs have been made mandatory either in the Perth region or on a statewide basis. CUAs are developed in order to better leverage the Government's purchasing power, minimise risk, increase standardisation and/or achieve efficiency improvements through purchasing processes. There is an expectation on the part of successful suppliers to CUAs that public authorities will purchase through these mandatory contracts – prices and terms have been offered accordingly.

The DTF will consider requests for CUA exemptions using these principles:

- Exemptions potentially weaken the effectiveness of a CUA and can make it more difficult to achieve optimal outcomes with a new arrangement when an existing CUA expires. Exemptions will be seen by the DTF as exceptions to the rule and will not be approved lightly;
- Requests for an exemption will be considered by the DTF on a case-by-case basis. A public authority requesting an exemption must be able to demonstrate that a business need cannot be adequately met by the relevant CUA. Being able to purchase an item cheaper from a non-contracted supplier would in itself not normally be considered a valid reason for an exemption to be granted; and

- Some exemptions have been granted on the basis of compatibility issues, such as in the case of equipment purchases (eg. specialist printers or scanners available through the CUA not being compatible with an agencies existing hardware or software) or unique operational factors.

Requests for exemption may be submitted to the DTF by posted letter or email, but must be in writing and provide sufficient explanation and background to enable the request to be considered.

The requesting officer should be the Accountable Authority or delegate of the public authority/agency.

Public authorities seeking exemptions from CUAs must formally apply to the DTF Directors of either the Information and Communication Technology or Strategic Sourcing directorates. Requests for exemptions should preferably be in the form of a letter under the signature of a delegated authority from the public authority.

In order to assist the DTF and the requesting public authority, and to facilitate the consideration of the exemption request in a timely manner, public authorities are encouraged to provide the information in accordance with the headings outlined below:

- Background of the exemption request;
- Public authority's preferred purchasing option;
- Rationale for the exemption;
- Purchase value;
- Potential impact on the CUA;
- Potential impact on the public authority of not proceeding with the exemption;
- Alternative options / strategies considered by the public authority; and
- Proposed procurement methodology for the non-CUA purchase.

Exemptions from Competitive Requirements

Under the SSC Open and Effective Competition Policy a public authority is not required to comply with the minimum competitive requirements for a procurement where the Accountable Authority considers that exceptional circumstances exist for that procurement and justification for that decision is documented.

Exceptional circumstances may include, but are not limited to the following:

- There is a bona fide sole source of supply.
- A public authority has awarded a contract for a similar requirement through a competitive process within the previous 12 months and there is a reasonable expectation that the market has not changed.

- A public authority requires the use of goods and services from a particular supplier that must be integrated within an existing contractual arrangement, project or ICT standard operating environment and an alternative product is not suitable.

In the event of an emergency situation, a public authority will be exempt from the quotation and open tender processes.

Where the total estimated price of the proposed procurement exceeds the covered procurement threshold under the Australia-United States Free Trade Agreement (AUSFTA), the grounds for exemption from the open tender process, outlined above, may not be applicable. This is due to the requirements of selective and limited tendering processes included in the government procurement chapter of the AUSFTA.

A public authority should obtain advice from the Department of Treasury and Finance, Government Procurement, prior to proceeding with an exemption from open tender, particularly where the estimated price exceeds the covered procurement threshold. Public authorities are required by the SSC's Open and Effective Competition Policy to maintain a register that records all instances where the Accountable Authority has granted an exemption.

Appendix - Glossary of Terms

The following glossary covers the defined terms appearing in the Procurement Practice Guide.

Addendum means the additional information about the Request, provided after the initial advertising date.

Accountable Authority means the officer responsible for purchasing undertaken by a Public Authority. This is usually the Public Authority's Director General, Chief Executive Officer or their delegate.

Act means the State Supply Commission Act 1991.

Bidder means the party offering to enter into a legally binding contract with another party.

Bona fide sole source of supply means a situation where it has been clearly established that only one supplier can supply the requirement. This can be established either through a periodic test of the market or consultation with appropriate industry bodies, manufacturers and other sources of expertise.

Buyers' Guide means the document outlining the rules of access and buying in relation to common use arrangements or agency specific panel contracts.

Common Use Arrangement means a Whole-of-government contract arrangement, established for use by all public authorities, and indicated as a Common Use Arrangement in the Specification.

Contract means a legally binding agreement resulting from acceptance of an offer by the Contract Authority, including such modifications that may have been agreed between the Contract Authority and the respondent before that acceptance.

Contractor means a Respondent whose offer has been accepted by the Accountable Authority with or without modification.

Contract management plan means a plan containing all the pertinent information about how the contract is to be managed and which identifies and addresses all relevant issues through the life of the contract.

Covered procurement means a procurement of goods or services that is subject to the terms and conditions of the government procurement chapter of the Australia-United States Free Trade Agreement.

Direct purchase means the procurement of products and/or services by placing an order directly with the supplier of choice.

DTF means the Western Australian Department of Treasury and Finance

Emergency situation means a situation existing that threatens life, property or equipment.

Gem means the Government's electronic medium (www.gem.wa.gov.au) providing direct access to Government contracting information, including early tender advice to suppliers, advertising of tenders, electronic tender lodgement and award of Government contracts valued at \$20,000 and above.

Lodgement Address means the address shown in the Request, to which an Offer must be addressed.

Offer means the Form of Offer contained in Part B of a Request.

Price means the total price of a procurement for the total period of the contract, including extensions and GST.

Private sector provider means a private sector organisation that a public authority engages to undertake procurement of goods or services on behalf of a public authority.

Procurement means the entire process for obtaining all class of resources (human, material, facilities and services). It can include planning, design, standards determination, specification writing, preparation of quotation and tender documentation, selection of suppliers, financing, contract administration, disposals and other related functions.

Procurement plan means a project management tool that provides a framework for procurement. The procurement plan outlines the key issues that both determine and impact the procurement strategy and method adopted.

Product means a product deliverable specified in the Contract Documents that is to be supplied to the Customer by or on behalf of the Contractor.

Public Authority means:

- a department of the Public Service of the State established or deemed to have been established under the Public Sector Management Act 1994; and
- an agency, authority or instrumentality of the Crown in right of the State.

Open tender means the process of publicly inviting offers to supply goods or provide services involving specifications and detailed documentation.

Request means any request by DTF or other government agencies for the submission of tenders, offers, proposals, expressions of interest or other like submissions capable of resulting, with or without further negotiation, in a contract, and includes any RFQ or open tender.

Respondent means someone who has or intends to submit an Offer to a Public Authority.

Response to Selection Criteria means the provision of information relating to the Selection Requirements, as contained in Part B of a Request.

Selection Criteria means the requirements used in evaluating respondents' responses.

Services means the whole of the services, tasks, work and requisites to be supplied, rendered, provided or performed by a contractor under a contract and any variations provided for by the contract, and includes all and any products, materials, plant, machinery or equipment supplied, provided or used by the contractor in performance of the contract.

Specification sets out details of the performance required under a contract.

State Tender Review Committee means the administrative, advisory committee established by the DTF to review high value, high-risk procurement processes.

Sufficient quotations means an adequate number of bids from bona fide sources of supply so as to ensure open and effective competition. To demonstrate competition, the number of suppliers requested should range from two to five.

Supply Policy or Supply Policies means supply policies issued under and in accordance with section 28 of the State Supply Commission Act 1991.

Verbal quotation means a verbal process of inviting offers to supply goods and/or services involving a limited number of potential suppliers.

Total Contract Value means the estimated total value of the contract for the entire life of the contract, including extensions.

Validity Period means the period of time for which an Offer will remain open for consideration and acceptance by the Public Authority.

Written quotation means a written process of inviting bids to supply products and/or services involving simple documentation and a limited number of potential suppliers.