

Procurement Policy and Procedures

Department/Unit: <i>Finance Department</i>	First Implemented: <i>December 2016</i> Reviewed: <i>Annually December</i> Effective From: <i>18 December 2018</i> Review Date: <i>31 December Annually</i> Version: <i>8</i> Trim Reference: <i>E698 / E5313</i>	Origin: Responsible Officer <i>Finance Manager</i> Authorising Officer: <i>Endorsed by Council – 18 December 2018</i>
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PURPOSE/OBJECTIVES

This Policy will provide a legal and ethical framework of procurement procedures that promotes consistency, demonstrates accountability, provides guidance on ethical behaviour and ensures that the right outcome is achieved when purchasing goods, services and works.

POLICY STATEMENT

This Policy aims to:

- ensure compliance with Clause 186a of the *Local Government Act 1989* and other procurement related legislation
- apply best practice purchasing principles and processes
- achieve value for money and quality in the acquisition of goods, services and works by the Council
- improve public probity and accountability around procurement processes
- promote continuous improvement in the efficiency of service delivery
- support the Council's corporate strategies, aims and objectives including, but not limited to those related to sustainability, protection of the environment and corporate social responsibility;
- take a long term strategic view of its procurement needs by spanning the whole life cycle of an acquisition from initial concept to the end of the useful life of an asset, including its disposal, or the end of a service contract
- provide a robust and transparent audit trail which ensures that procurement projects are delivered on time, within cost constraints and that the needs of end users are fully met
- ensure that risk is identified, assessed and managed at all stages of the procurement process
- use social procurement to enhance sustainable and strategic procurement to effectively contribute towards building stronger communities, supporting the local economy and meeting the wider social objectives of the Council
- ensure that prospective contractors and suppliers are afforded an equal opportunity to tender/quote
- provide effective and efficient commercial arrangements for the acquisition of goods, services and works
- encourage competition



DEFINITIONS

Term	Definition
Corporate Social Responsibility	taking positive action to demonstrate Council's commitment to the local community and environment on which it impacts
Probity	<p>In the context of a procurement process probity is a defensible process which is able to withstand internal and external scrutiny – one which achieves both accountability and transparency, providing tenderers with fair and equitable treatment</p> <p>In the procurement sector, probity relates to proper and ethical conduct, and propriety in dealings with the market. Probity is integral to the goal of achieving value-for-money outcomes</p>
Procurement	is the whole process of the acquisition of external goods, services and works. 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. It also includes the organisational and governance frameworks that underpin the procurement function
Social Procurement	using procurement processes and purchasing power to generate positive social outcomes in addition to the delivery of efficient goods, services and works
Value for money	the optimum combination of quality, quantity, risk, timeliness, on a whole-of-contract and whole-of-asset-life basis (VAGO)

SCOPE

This policy applies to all Council employees, Councillors, contractors, consultants, volunteers and other authorised personnel of Mansfield Shire Council.



RESPONSIBILITIES

This Procurement Policy is made in accordance with Section 186A of the *Local Government Act 1989* (the Act).

Overall responsibility for the application of this Policy is held by the Chief Executive Officer.

Managers are responsible for ensuring their staff comply with the principles, practices and any associated procedures of this policy. Management, employees, contractors and volunteers are to be familiar with, and competent in, the application of this Policy, and are accountable for the delivery of this policy within their areas of responsibility.

The Finance Department is the owner of this policy. Any reviews of this Policy must be made in consultation with the Finance Manager and Procurement Officer.

Internal audits of compliance with this Policy and Procedures will be undertaken from time to time by the Internal Audit Contractor, including monitoring cumulative procurement values.

REFERENCES / RELATED POLICIES

- *Local Government Act 1989*
- Local Government Act Regulations 2015
- *Trade Practices Act 1974*
- *Competition and Consumer Act 2010*
- Australian Standards
- Local Government Procurement Best Practice Guidelines (August 2008)
- Municipal Association of Victoria – Model Procurement Policy June 2009
- Victorian Government Purchasing Board Policies
- Victorian Local Government Best Practice Procurement Guidelines 2013
- Victorian Charter of Human Rights
- *Public Records Act 1973*
- *Occupational Health and Safety Act 2004*
- Occupational Health and Safety Regulations 2017
- Councillor Code of Conduct
- Employee Code of Conduct
- Gifts, Benefits and Hospitality Policy
- Equal Opportunity and Human Rights Policy
- Occupational Health and Safety Policy
- Fraud Policy
- Purchasing Card Policy
- Contract Management Policy

IMPLEMENTATION

This policy is effective from 18 December 2018.



REVIEW DATE


This Policy is required to be reviewed at least once in each financial year (section 186A (7) of the *Local Government Act 1989*). Minor amendments to the policy may be authorised by the Chief Executive Officer at any time where such changes do not alter the substance of the policy eg: typographical errors, a change to the names of a related policy or a change to the name of legislation.

This Policy is scheduled for review by 31 December 2019, however it may be reviewed or varied at any time in consultation with Council.

AUTHORISATION TO IMPLEMENT POLICY

In accordance with the *Local Government Act 1989*, this Policy must be endorsed by the Mansfield Shire Council.

Signed: 
Councillor

Witnessed: 
Chief Executive Officer

Dated: 18 December 2018

Mansfield Shire Council reserves the right to review, vary or revoke this Policy at any time.



PROCUREMENT PROCEDURES

The following procedures are designed to ensure that all decisions relating to this policy are made in a consistent and open manner.

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1 Introduction

These procedures provide the basic principles underlying all procurement undertaken by Mansfield Shire Council.

2 Best Practice Principles and Framework

2.1 Value for money

Value for money is centred on obtaining the best quality and value for the price and ensuring that the quality of the goods and services meets the Council's criteria with regard to policy, performance, risk, and cost constraints. This includes minimising the total cost of ownership over the lifetime of the good or service, reliability and delivery considerations.

Council is not obliged to accept the lowest price tendered.

Some value for money factors that need to be included in all tender, quote and expression of interest criteria may include:

- whether or not the item, service or works is fit for purpose
- maintenance and running costs over the lifetime of the product
- the advantages of buying locally in terms of:
 - shorter delivery times
 - local back up and servicing
 - availability of spare parts
 - the contribution to the achievement of broader objectives such as economic development and employment creation
 - potential for creating strategic partnerships and cooperative product development
- quality assurance
- risks
- the capacity of the supplier
- environmental considerations
- energy conservation
- ability to meet specified timelines
- the use of existing contracts
- preapproved suppliers
- Procurement Australia, MAV Procurement or State Purchasing Contract procedures
- post evaluation of both the processes of procurement and the goods or services procured (lessons learnt)
- disposal value

2.1.1 Assessing Channels to Market

Council recognises that a strategic assessment of the appropriate 'channel to market' should be undertaken to achieve value for money; that is whether to go to market on its own, or participate in regional/sector aggregated projects or panels, or whether to access State Government panel agreements and the like.



2.1.2 Fostering Positive Relationships with Suppliers

An integral part of achieving value for money is fostering effective and open relationships with its suppliers. To this end Council is committed to:

- managing existing suppliers through appropriate performance measures and development programs; and
- developing new suppliers.

It is also important that Council identifies its key suppliers as a means of focusing relationship management efforts, which can be determined by one or all of the following factors:

- size of spend across Council;
- whether the goods, works or service is critical to the delivery of Council services;
- availability of substitutes; and,
- market share and the strategic share of suppliers.

2.1.3 Diversity in Suppliers

Council is committed to the promotion of diversity and equal opportunity through the procurement process. Diversity has the potential to improve competition, achieve value for money, improve the quality of services, increase user satisfaction and promote better community relationships.

To this end Council will encourage a wide range of suppliers to compete for contracts, quotes and expressions of interest. This may include local businesses, green suppliers, small to medium sized enterprises, social enterprises or ethnic and minority businesses.

2.2 Open and Fair competition

Council's procurement activities will be undertaken with integrity and in a manner that withstands internal and external scrutiny.

2.2.1 Conduct of Council Staff

Council staff must conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity and will:

- treat potential and existing suppliers with equality and fairness;
- not seek or receive personal gain;
- maintain confidentiality of commercial in confidence information such as contract prices and other sensitive information;
- present the highest standards of professionalism and probity;
- deal with suppliers in an honest and impartial manner that does not allow conflicts of interest;
- provide all suppliers and tenderers with the same information and equal opportunity; and,
- be able to account for all decisions and provide feedback on them.



Council staff responsible for managing or supervising a contract are prohibited from performing any works under that contract they are supervising.

2.2.2 Fair and Honest Dealing

All prospective contractors and suppliers must be afforded an equal opportunity to tender or quote.

Impartiality must be maintained throughout the procurement process so it can withstand public scrutiny.

The commercial interests of existing and potential suppliers must be protected.

Confidentiality of information provided by existing and prospective suppliers must be maintained at all times particularly commercially sensitive material such as prices, discounts, rebates, profit, manufacturing and product information.

2.2.3 Charter of Human Rights

Council will ensure that all of its procurement operations are fully consistent with prescribed rights and responsibilities and that they respect the 20 fundamental rights within the Victorian Charter of Human Rights and Responsibilities Act 2006.

2.2.4 Conflict of Interest

Staff must avoid situations in which private interests conflict, or might reasonably be thought to conflict, or have the potential to conflict, with their Council duties.

Staff are subject to the conflict of interest provisions in:

- the Act: Division 1A – Conduct and Interests
- Mansfield Shire Councillor Code of Conduct
- Mansfield Shire Employee Code of Conduct

More specifically, Council staff involved in the procurement process, including writing tender specifications, tender opening, and tender evaluation panels, must:

- avoid conflicts, whether actual, potential or perceived, arising between their official duties and their private interests. Private interests include the financial and other interests of Councillors and Council staff, plus their relatives and close associates; and,
- declare that there is no conflict of interest. Where future conflicts or relevant private interests arise staff must make their manager, or the chairperson of the relevant tender assessment panel or board aware and allow them to decide whether the officer should continue to be involved in the specific procurement exercise.

2.2.5 Conflict of Interest Form

The Conflict of Interest Form is located within the Project Management Spreadsheet. The template of which is located in the procurement forms section of Council's Intranet. The Conflict of Interest Form must be signed by all panel members as soon as the evaluation panel is chosen. The completed form must be saved in the TRIM procurement file.



Council has determined that any staff member having a pecuniary interest, improper interest or affiliation, must advise the CEO, as soon as such an interest is apparent.

2.3 Accountability and Transparency

Accountability in procurement means being able to explain and provide evidence on the process followed. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

Accountability is evidenced by:

- clear lines of delegated authority
- responsible financial management
- internal controls:
 - all Council staff must be able to account for all procurement decisions made over the lifecycle of all goods, services and works purchased by the Council and provide feedback on them
 - all procurement activities are to provide for an audit trail for monitoring and reporting purposes
- disclosure of Procurement Policy
 - Council must make available for inspection at Council offices and on Council's website (as required in section 186A of the LGA).

2.4 Risk Management

Risk management is to be appropriately applied at all stages of procurement activities which is to be properly planned and carried out in a manner that will protect and enhance the Council's capability to prevent, withstand and recover from interruption to the supply of goods, services and works.

To protect the best interests of the Council, terms and conditions must be settled in advance of any commitment being made with a supplier. Any exceptions to this requirement expose the Council to risk.

The advice of Council's Governance and Risk Officer should be sought where necessary.

2.4.1 Supply by Contract

The provision of goods, services and works by contract can potentially expose Council to risk, which will be mitigated as much as practicable through the following measures:

- standardising contracts, ensuring they only contain current and relevant clauses;
- requiring security deposits where appropriate
- seeking input into the development of technical specifications, scope of works and other such matters from relevant experts
- requiring a signed contractual agreement to be in place prior to the commencement of any supply of goods, services or works
- application and/or reference to relevant Australian Standards (or equivalent)



- effectively managing the contract, including monitoring of performance and, where necessary, active enforcement of performance standards
- undertaking relevant financial checks of companies prior to awarding a contract to ensure they can viably undertake the contract and,
- obtaining copies of certificates of currency for relevant insurances

2.4.2 Occupational Health and Safety

Occupational health and safety requirements throughout the lifecycle of the goods, services and/or works being purchased and/or undertaken shall be assessed prior to the commencement of the procurement process.

This assessment will be in accordance with Council's Occupational Health and Safety Policy, the Victorian Occupational Health and Safety Act 2004 and Occupational Health and Safety Regulations 2017.

The advice of Council's OH&S Officer should be sought where necessary.

2.5 Probity and Transparency

Council officers are to demonstrate the highest level of integrity as required in the Staff Code of Conduct.

2.5.1 Disclosure of Information

As part of the submission of tenders, it may be required for the respondent to submit information that would be considered commercial in confidence. All information of this nature will not be released to opposing respondents, members of staff, or others who are not directly performing an evaluation role on the tender.

The Council, for the purposes of the tender evaluation will treat all of the information submitted as part of a tender as being commercial in confidence, unless the respective document has been previously published or distributed to the public, by the respondent.

Council staff will avoid references to current or proposed contracts in discussion with acquaintances or outside interests. At no stage should any discussion be entered into which could have potential contractual implications prior to the contract approval process being finalised other than authorised pre-contract negotiations.

Details of the winning price may only be released to improve the tender process and to achieve value for money objectives. The winning price will only be disclosed in writing to unsuccessful tenderers upon request and only upon the completion of the tender process.

Requests under the *Freedom of Information Act 1982* may affect all of the files maintained by the Council, including working files. Accordingly, all representatives or officers of the Council involved with the tender evaluation or contract management shall be particularly careful as to the contents of letters or notes placed onto Council files, as any file may be requested under the Act and viewed by individuals or company representatives to whom the letter or note may be concerning.



Further details concerning the Council's responsibilities in respect to the Freedom of Information (FOI) legislation can be sought by contacting the Records and Customer Service Supervisor.

2.5.2 Gifts and Hospitality

All Council staff are to adhere to the provisions of Council's Gifts, Benefits and Hospitality Policy.

Offers of bribes, commissions or other irregular approaches from organisations or individuals must be declined immediately and promptly reported to the CEO.

2.6 Local Content

Its Council's primary goal to obtain the greatest value for money when acquiring goods and services. Where equivalent value for money goods/services can be sourced both locally and elsewhere, the local goods/services should be procured.

While purchase prices for many locally provided goods/services may initially appear more expensive, consideration should be given to the cost and time advantages associated with local support, repair facilities, travel costs and general after sales service, which may reduce the overall cost of the goods/service during its life.

A weighting shall be given in all contracts to suppliers who demonstrate how they intend to support local suppliers, contractors and services. This condition is mandatory for all contracts and must be considered as a criterion when assessing quotes and tenders.

3 Planning your procurement

The objectives of the planning phase of any procurement activity are to:

- ensure the goods, services or works being procured meet Council's needs
- ensure both the legislative requirements and Council's Procurement Policy are followed and a successful value for money outcome is achieved
- manage the risks associated with the procurement.

Attention to adequately addressing the pre-tender phase of the procurement process is absolutely vital to the achievement of a successful, functional and value for money outcome.

3.1 Records Management

Detailed records must be kept of the entire procurement process to satisfy legislative requirements, auditor reporting requirements and internal requirements.

For purchases greater than \$10,000 a specific electronic file in TRIM is set up to capture the business case, procurement method, evaluation and recommendation process which may include the following documents:



- Procurement Initiation Form
- Project Management Plan
- Project Management Spreadsheet
- Conflict of Interest
- Request for Quotation
- Quotation Submissions
- Specification and Tender documents
- Evaluation
- Council reports or recommendation to award
- Correspondence to unsuccessful respondents

For purchases under \$10,000 documentation should be recorded on existing relevant TRIM files.

A separate contract management file is created in TRIM to record the documents which make up the formal contract and is used throughout the management of the contract. (Refer to Council's Contract Management Policy for further details)

Additional files may be required depending on the nature of a contract for example Bank Guarantees will need their own separate file.

It is the responsibility of the Project Coordinator to ensure all procurement documentation is recorded and filed correctly and in a timely manner.

File numbers are to be requested via an email to the Records Department records@mansfield.vic.gov.au.

3.2 Best Value Principles

Council must also apply the Best Value Principles of the Act to their procurement functions.

Best Value Principles require among other matters, that:

- all services provided by Council must meet the quality and costs standards required by the Act, and
- a Council must achieve continuous improvement in the provision of services for its community.

The Council must be able to demonstrate and report to their community that it effectively applies Best Value Principles.

The Council needs to ensure continuous improvement is applied in how they carry out their functions, having regard to efficient and effective outcomes. Best value recognises that good procurement practice is essential for Local Government to obtain real improvements to service cost and quality.

The Act sets out a number of factors which Council may take into account when applying the Best Value Principles:



- the need to review services against the best on offer in both the public and private sectors
- an assessment of value for money in service delivery
- community expectations and values
- the balance of affordability and accessibility of services to the community
- opportunities for local employment growth or retention
- the value of potential partnerships with other Council's and State and Federal Governments
- potential environmental advantages for the municipality.

3.3 Internal Controls

Council will create and maintain a framework of internal controls over procurement processes that will ensure:

- more than one person is involved in and responsible for a transaction end to end
- there is transparency in the procurement process
- a clearly documented audit trail exists for procurement activities
- appropriate authorisations are obtained and documented
- systems are in place for appropriate monitoring and performance measurement.

3.4 Procurement Initiation Form

A Procurement Initiation Form (Attachment 4) must be used to confirm details of proposed procurement valued \$10,000 or greater.

The following details are required:

- background
- description of requirements
- objectives
- key deliverables
- project brief / specification
- Risk Management
- Source of funds
- Timelines
- Proposed procurement method

3.5 Alignment with the Council Plan

All procurement activities must support the implementation of the Council Plan's aims and objectives, namely:

- Driving organisational performance and resource management
- Good governance
- A growing economy
- Improving our built and natural environment
- Empowered and self-sufficient communities



3.6 Assessment of Environmental Impacts

The environmental impact of all supply options shall be assessed by applying the following criteria within the principle of value for money kept in mind at all times:

- assessment of the whole of life cost (including costs of operation, maintenance and disposal at end of the product life)
- eco-friendly products are preferred to other alternatives
- where relevant, products are to have an energy and/or water consumption rating of 4 stars or above. Vehicles are to have the highest Green Vehicle Guide rating
- suppliers who use clean technology or are less polluting than other suppliers are to be preferred
- recycled or part recycled products are preferred as they optimise consumption of, and demand for, recycled products while promoting the reprocessing of waste as a means of minimising landfill

3.7 Budget estimate, scope and budget provision

The principle of responsible financial management shall be applied to all procurement activities.

The availability of existing funds within an approved budget, or source of funds, must be established prior to the commencement of any procurement action for the supply of goods, services or works.

Where a tender sum exceeds the budget allocation, Council must review the scope of the project and/or approve a variation to the allocated budget via a report to Council.

All purchases of greater than \$2,000 must be supported by a purchase order.

3.7.1 Assessing the value of a contract

The value of all contracts for the purpose of compliance with section 186 of the Act includes:

- costs for the full term of the contract, including any options for either party to extend the contract
- applicable goods and services tax (GST)
- anticipated contingency allowances or variations
- all other known, anticipated and reasonably foreseeable costs

In determining the value of a proposed contract, due diligence should be exercised to ensure that realistic assessments are made of all factors which may impact on the value of the contract.

3.7.2 Splitting for identical need

It is unacceptable to split projects or work into smaller lots to avoid the proper tendering process. The value of the work is determined by the TOTAL VALUE of all components of the works, which includes any possible extension options.



4 Procurement methods, thresholds and delegations

4.1 Methods

Council Officers are to select the method of procurement that will achieve the best overall result in regard to value for money in accordance with Council Policies and the Local Government Act. The method should enable a consistent and standard approach to procurement which assures accountability, transparency, open and fair competition.

There are essentially six methods available to purchase goods or services:

1. Purchasing Cards
2. Existing Council Contracts
3. Purchasing Schemes
 - Procurement Australia
 - MAV Procurement
 - Department of Treasury and Finance - State Purchasing Contracts
4. Written quotations < \$10,000
5. Request for Quotation (RFQ) > \$10,000
6. Contract following tender process

The options used are dependent on the value of goods, services or works. Other arrangements may be authorised in abnormal circumstances or in the case of an emergency by the Council or the CEO.

4.2 Procedural Exceptions

Thorough documentation and evidence is required to substantiate the presence of one or more of the following circumstances prior to the submission of an authorisation from the CEO to vary the requirements of the Procurement Procedure (Procedural Exception Memorandum – Appendix 3).

- **Emergency** – there is an extreme urgency resulting by events unforeseen by the organisation and the goods, services or works cannot be obtained in time through an open tender or quotation process.
- **Sole Supplier/Insufficient Quotes** – it is beyond doubt that there are not sufficient suppliers within the market to provide the requisite number of quotes.
- **Scope Change** – there is an unforeseen need to make minor alterations to the scope of the project and the cost of obtaining further quotations or undertaking another tender process outweigh potential benefits.
- **Advantageous Time-limited Conditions** – such as unusual disposal by suppliers, unsolicited innovative proposals, liquidation, bankruptcy or receivership. Routine purchases from regular suppliers are excluded.
- **Intellectual Property** – where the goods, service or works can only be supplied by a particular business and no other reasonable alternative or substitute can be identified (for example a particular piece of software, copyright, patent or exclusive right).
- **Absence of Competition** – where, for technical reasons, products are limited by patents or licences.



- **Support from the Original Supplier** – where a change from the original supplier would result in incompatibility with existing goods, services or works (for example spare parts for a vehicle or plant).

The following must not be used to justify a procedural exception:

- completion of projects prior to the end of the financial year (projects must be well planned to avoid end of year deadlines)
- poor project planning which would necessitate the use of the ‘emergency’ category
- a desire to include suppliers because of previous procurement processes
- expending Council funds through a community group

4.3 Use of agents such as Procurement Australia and MAV Procurement

Council can use third party agencies for procurements valued below the threshold amounts set out in the Act. Council, is nevertheless, required to ensure that resources are used efficiently and effectively and to ensure transparency and accountability.

Council can act through an agent in procurement, however, Council must retain control of the exercise, its statutory powers and duties.

Procurement Australia (PA), MAV Procurement and Department of Treasury and Finance State Purchase contracts are approved agencies who tender and award contracts for a variety of goods and services commonly used by Local Government.

4.4 Procurement Thresholds

Below \$2,000	\$2,001 to \$10,000	<ul style="list-style-type: none"> ▪ \$10,001 to \$150,000 (goods & services) or ▪ \$10,001 to \$200,000 (building & construction works) 	Greater than: <ul style="list-style-type: none"> ▪ \$150,000 (goods and services): or ▪ \$200,000 (construction works)
Purchase card preferred	Minimum 1 written quotation	Minimum of 3 written quotations	Advertised Public Tender via E-Tender Portal

Should the Department Manager consider that the nature of the requirement and the characteristics of the market are such that the public tender process would lead to a better result for the Council, public tenders may be called for purchase of goods and services or building and construction for which the estimate expenditure is below the thresholds.

4.5 GST

Any calculations to determine a contract value or a delegation must be inclusive of GST. This is often a point of confusion, as departmental budgets are allocated excluding GST.



4.6 Authorised Procurement Delegations

Delegations are powers delegated by the Council to Council staff under legislation to perform financial and administrative functions on their behalf:

Financial delegations specify the amount of money that Council staff are authorised to expend on behalf of Council

Financial delegations are allocated to the individual requirements of the position and are set by the Finance Manager in consultation with Department Managers and approved by the CEO.

The delegations are not transferrable and do not move with staff when a new role commences.

Staff are authorised to procure within their set delegation limit ONLY against their business unit's cost centres. Staff are not authorised to expend against another cost centre unless authority is obtained and approved by the appropriate Department Manager.

Where the value of a transaction is in excess of a delegation, the next level of authority is to be sought for approval. Refer to Appendix 1 for Delegated Officer Authorised Purchasing Limits.

4.6.1 Review of Delegated Officer Authorised Purchasing Limits

The Finance Manager and the Procurement Officer, in consultation with Department Managers, review the list annually.

Any changes to the list must be authorised by the CEO via the Financial Variation Request form (Attachment 2). The completed form is to be recorded in TRIM.

4.6.2 Relieving Delegations

Where a staff member is undertaking a role during extended periods, such as annual leave, long service leave or secondments, and the relieving delegation is approved by the Department Manager or CEO, the authorised procurement delegation assigned to the role being filled is to be utilised during that period.

4.6.3 Decisions Reserved for Council

The following must be approved by way of a Council Resolution (ie the CEO's delegations are exceeded):

- Tender recommendations and contract approvals for all expenditure exceeding \$150,001 for goods and services, or \$200,001 for building and construction works; and,
- Contract term extensions that necessitate an additional budget allocation.



5 Purchase Orders

A purchase order serves three purposes:

- documents a supply agreement between the department and the identified supplier;
- documents an expenditure commitment for budgeting purposes; and
- documents that an expenditure commitment/purchase has been appropriately authorised.

A purchase order is a legally binding document. A copy of the purchase order is to be provided to the supplier and the purchase order number is to be referenced by the supplier on their invoice/s.

All purchase orders must be raised and approved by the Council officer as determined by the purchasing limits identified in Council's Authorised Procurement Delegation. (Refer to section 4.6).

Every purchase order over the value of \$10,000 must be signed off by Council's Procurement Officer prior to being released to any supplier.

5.1 Purchase Order Exemptions

Exemption from the requirement to raise a purchase order for a purchase are as follows:

- For goods valued \$2,000 or less, or;
- where there is an ongoing contract for an ongoing supply

5.2 When to raise a purchase order

Ordering goods or services follows the appropriate processes for identifying the need, obtaining quotations and confirming authorisation for the purchase. A purchase order should be raised when the preferred supplier is identified and a commitment to proceed with the purchase is made by the financial delegate.

In no circumstances should the purchase order be raised after the invoice is received.

5.3 Cancelling a purchase order

If a purchase order requires cancellation, the Accounts Payable Officer is to be advised by email, providing details of why the order must be cancelled.

6 Receiving and receipting goods/services

All departments purchasing goods must:

- inspect the goods upon receipt and confirm that the quantity and quality of goods is consistent with the purchase order



- record the receipt of the goods on the purchase order or on the certified stamp on the invoice

6.1 Invoice payment

Physical invoices are scanned in to TRIM and then forwarded to authorizing officer for signature and account allocation. For purchases over \$2,000 the invoice must then be matched with the physical purchase order and forwarded to Accounts Payable.

6.2 Supplier payment terms and methods

The Council's standard trading terms are to pay accounts within 30 days from the date of receipt of a properly rendered and approved tax invoice. Acceptance of a Council purchase order by a supplier indicates acceptance of these payment terms.

The Building & Construction Security of Payments Act 2002 gives contractors a statutory right to receive progress payments. If the payment claim / invoice references the Act payment must be issued within 10 days.

7 Purchasing cards (Credit Cards)

Council's Purchasing Card Policy outlines details regarding the approval application and ongoing management of purchasing cards.

8 Quotation Process

8.1 For Purchases less than \$2,000 Inc. GST

- Staff should seek value for money in purchases less than \$2,000 inc GST
- It is preferred that these purchases are made via purchasing card
- When the original invoice is received it is approved, coded and forwarded to Accounts Payable for processing

8.2 For purchases from \$2,001 to \$10,000 Inc. GST

- A minimum of one written quotation from suitable suppliers is to be obtained
- Save quotation in TRIM
- Quote the TRIM reference number *eg. IN18/1234* of the quotation in the description on the Purchase Order
- Invoice to be stamped, approved and attached to the original physical purchase order and forwarded to Accounts Payable

8.3 For purchases \$10,001 to \$150,000 Inc. GST for goods and services and \$200,000 Inc. GST for construction type works

- Complete a Procurement Initiation Form
- Obtain three written quotations using RFQ template and via TenderLink
- Save all quotations in TRIM
- Quote the TRIM reference number *eg. IN18/1234* of the successful supplier in the description on the Purchase Order



- Invoice to be stamped, approved and attached to the original physical purchase order and forwarded to Accounts Payable

8.4 Request for Quotations (RFQ)

It is expected that suppliers invited to quote will submit their best price the first time. Further negotiations or “playing suppliers against each other” must be avoided.

Quotations submitted by the nominated due date must be evaluated and an order must be placed with the firm whose quotation offers the best value for money. However, if there is a difference of more than 20% between the lowest and highest quotation the relevant Departmental Manager’s approval must be sought prior to raising a purchase order.

The RFQ may be publically advertised at the discretion of the delegated officer, Departmental Manager or Chief Executive Officer. This may occur when a field of potential suppliers/tenderers hasn’t been established, or an innovative approach is required, or the project has a broad appeal that may attract strong competition.

A RFQ template is located within the procurement forms section of the Intranet

8.5 Quotation Period

Requests for quotations must be open for a minimum of seven (7) days.

8.6 Receiving Quotations

Quotations \$10,000 and under are to be emailed to council@mansfield.vic.gov.au to be immediately recorded in to TRIM by the Records Department. Hard copies may be received via the mail or over the counter but email is the preferred method of receipt.

Quotations \$10,001 and above are to be received via Council’s e-tender portal TenderLink.

8.7 Evaluating Quotations

Written quotations are to be evaluated based on the evaluation criteria listed in the RFQ document, to determine and recommend to the best value option to achieve the objectives and outcomes of the service/product required.

Council staff must ensure that the reasons for any decision made during the evaluation of quotation are documented and recorded in TRIM.

8.8 Accepting Quotations

The Project Coordinator will issue an acceptance letter to the successful supplier. The unsuccessful suppliers will be advised in writing of the successful quotation and the name of the successful supplier. All letters must be reviewed and signed by the applicable financial delegate prior to sending.

8.9 Inability to Obtain Quotations



If the required number of suppliers has been requested to provide a quotation but do not respond, then this is considered to be an adequate test of the market and complies with the guidelines for seeking the minimum number of quotations.

There may be times when it is not possible to obtain the required number of quotations and a Procedural Exception is required refer to section 4.2 of these procedures.

9 Request for Tenders (RFT)

Request for tender is the primary vehicle for seeking competitive bids from prospective suppliers where the threshold values are reached.

9.1 For Purchases over \$150,000 Inc. GST for goods and services and \$200,000 Inc. GST for building and construction type works

Section 186 of the Act requires that before the Council enters into a contract for goods or services over the value of \$150,000 inc GST and \$200,000 inc GST for building and construction works, it must be released to the market as a public tender.

Jobs are not to be split or separated to bring contract values below the set limits.

Tender documents perform several functions. They:

- define the work to be performed under the Contract
- define the delegations of responsibility
- define the nature and risk to the parties
- define the financial payment.

The Tender process enables Council to:

- select a contractor from a wide possible choice, on a fair and equitable basis
- obtain a firm offer
- agree on terms and conditions.

9.1.1 Tender Exception

The only exception to this is the supply of legal services, as specified in the Local Government Regulations 1990, Part 9A, and Section 96A.

9.1.2 Council Approval

All recommendations for tenders over the value of \$150,000 inc GST for goods or services and \$200,000 inc GST for building and construction works require Council approval. Staff must consider Council meeting dates to ensure timelines are met. Meeting dates are listed on Council's website.

9.2 Expression of Interest (EOI)

The Council may, at the CEO's discretion and based on the complexity and cost of the project, conduct one stage or multi-stage tenders.



EOI is a two step process as it does not replace the need to call tenders, but precedes the calling of tenders.

The EOI process is to include the following components

- Specification of requirements
- Invitation to submit an EOI
- Criteria for evaluation
- Form of expression of interest submission (respondents form)

An EOI process may be appropriate where:

- the requirement is complex, difficult to define, unknown or unclear
- the requirement is capable of several technical solutions
- Council wishes to consider issues, such as whether those tendering possess the necessary technical, managerial and financial resources to successfully complete the project, prior to the formal tender process commences
- tendering costs are likely to be high and Council wishes to ensure that companies incapable of supplying the requirement do not incur unnecessary expense or effort
- it is necessary to pre-qualify suppliers and goods to meet defined standards
- the requirement is generally known but there is still considerable analysis, evaluation and clarification required (of both the objective and the solution)

All EOI must be registered in TRIM and some or all of those who registered their interest must then be invited to tender once Council is ready to proceed to enter into a contract.

9.3 Requests for Information (RFI)

Council may use a RFI rather than a RFT of EOI in order to improve its understanding of its own needs, availability and likely costs.

If Council is uncertain as to what goods or services it requires it should undertake a simple request for information. A request for information may be undertaken for reasons which include establishing:

- available technologies products or services in the marketplace that meet Council needs
- whether proposed terms and conditions or deliverable expectations are acceptable in the marketplace
- whether proposed budgets are adequate to meet non-standard procurement needs – inadequate budgets should not become apparent when tenders are open.

9.4 EOI and RFT Periods

Expression of interest or requests for tender must be open for a minimum of 21 days.

9.5 No Tenders Received

In the event that Council undertakes a compliant public tender process and does not receive any tenders, or it rejects all tenders on the basis they did not meet Council's specifications outlined in the tender document, the two options are:



1. Recall tenders either with or without amending the procurement requirements and the tender documents; or,
2. Seek an alternative means of delivering the service or works required under the tender without changing the requirements (including undertaking the service or works itself).

If the scope or intent of its requirements for goods, services or works is amended so that it is materially different a new public tender process must then commence.

9.6 Format of a Tender Document

A Tender document comprises five main sections, and the Project Coordinator is responsible for the compilation of the following sections to form the tender document. The sections are:

- Tender Information and Conditions of Tendering (including evaluation criteria)
- Tender Schedules
- Specification including plans and detailed drawings showing extent of works
- General Conditions of Contract (including Annexure/s)
- Schedules and Appendices to the Specification (if applicable).

9.6.1 Conditions of Tendering

The Conditions of Tendering govern the procedures that the Council and the respondents are to follow to ensure that all parties act in a fair and equitable manner.

The Conditions of Tendering deal with issues such as the closing time and date of tenders, electronic submission, information which is to be provided by the respondents in their submissions, etc.

Schedules are attached to the tender information and Conditions of Tendering and are utilised to provide specific, detailed information to the respondents to complete with specific information for the evaluation process. These schedules will also form part of any resulting contract.

9.6.2 Contract Specification

This section will include the following:

- Work and/or services to be provided:
 - detailed description of the goods or services/works required
- location of works to be undertaken/services to be provided
 - drawings, plans, technical specification (if required in addition to standard specification)

9.6.3 Form of tender/quotation

The form of tender requests information from the respondent that allows confirmation of the entity or sole trader and their legal trading status. The form of tender also requests confirmation of the combined lump sum price or schedule of rates in Schedule 1 if applicable.



9.6.4 Schedule of rates/prices (Pricing)

This is the schedule where the respondents provide their rates/prices. For example: quantity of items, unit rates and/or lump sum fee proposals.

A table is to be provided for the respondents to complete to facilitate the evaluation process. The provision of tables which provide a break-down of the service will enable the evaluation panel to more accurately compare one tender against another, on an item by item basis.

This schedule should also address how rates may be adjusted at each anniversary (if applicable).

9.6.5 Schedule – Statement of Conformance

This is a standard schedule which allows the respondent to signify whether their tender is a conforming tender or non-conforming tender.

If the tender is a non-conforming tender then the area of non-conformance and reason, together with the value of the non-conformance is listed. i.e. level of insurance, exception to general conditions, project plan start date.

A tender which does not comply with the requirements, is a non-conforming tender.

A non-conforming tender may be excluded from consideration unless the Council otherwise determines (in its absolute discretion and without having any obligation to do so) that it is appropriate for the tender to be considered.

9.6.6 Schedule – Receipt of Addenda/Questions and Answers

This schedule must be completed to demonstrate that the respondent has received, and therefore structured its bid in the full knowledge of all addenda and/or questions and answers issued by the Council via the electronic tender portal.

If a respondent does not acknowledge receipt of all addenda and/or questions and answers in their response, TenderLink will confirm details of the issue and receipt of Addendum and/or questions.

If all additional information has been forwarded to the tenderer, the tenderer should be requested, in writing (via email), to forward a completed 'Receipt of Addenda and/or questions' form.

If all additional information was not forwarded to the tenderer or received by the tenderer, the relevant Addenda and/or questions and answers should immediately be forwarded to the tenderer with the request to return a revised tender within an appropriate time.

Any revised tender should only address issues relevant to the Addenda. No respondent is to be given an unfair advantage over any other respondent.

All correspondence relevant to the above must be recorded on the appropriate TRIM file.

9.6.7 Schedule – Statutory Declaration – collusive tendering

This schedule must be completed to demonstrate that the respondent has had no dealings with any other respondent in regards to the relevant contract and that no collusion between parties has taken place.



9.6.8 General Conditions of Contract

The General Conditions of Contract are a group of clauses that apply to contractors after they have been awarded the contract. The clauses remain for the duration of the contract term.

The Council utilises a number of General Conditions of Contract documents. A particular type is selected depending on the type of goods/service being procured and the complexity and level of risk associated with the procurement of the goods/service. These documents impose standard legal conditions on the Contractor and are especially designed to reduce the Council's exposure to risk.

These include the Australian Standards and other legal conditions.

9.6.9 Appendices to the Specification

These are usually appendices which are attached to the Specification.

Examples would include such things as maps and plans, lists of equipment available to the Contractor, copies of relevant Codes of Practice and/or other regulations, and any other information relevant to the Contract.

9.6.10 Insurance

Insurance is only one element of the organisational risk management strategy. It does not remove the liability of a party for their actions but instead provides financial protection for that party, in the event of an insurable loss or liability.

The main purpose for requiring a supplier to effect and maintain insurance are:

- to reduce the risk of the supplier not having sufficient financial resources available to meet a liability to the organisation or some other party; and
- to ensure that the supplier will receive financial support to fund its own insurable losses and liabilities and still be able to perform its obligations under the contract

There are a number of insurances that the Mansfield Shire Council requires from the contractor before work is allowed to commence.

Below is a list of insurances that may be required;

- Public Liability - the contractor is required to hold a current public liability insurance policy in respect to activities specified in the contract. This coverage should be for an amount no less than \$10,000,000. This provides for insurance cover for claims arising from personal injury or property damage.
- Professional Indemnity - professional indemnity claims arise from allegations from third parties that there has been a breach of a professional duty owed to them as opposed to a breach of a general duty of care. These claims are generally attributable to alleged negligent acts, errors or omissions by professional or qualified staff. These claims are often for "pure financial loss". In other words, there does not have to be personal injury or damage to property. The contractor is required to hold a current Professional Indemnity Insurance Policy. This coverage should be for an amount no less than \$5,000,000.



- Work Cover – a certificate of currency is required if the contractor employs workers and pays or expects to pay more than \$7,500 in a year (including wages, benefits & superannuation) or if the contractor engages apprentices or trainees.
- Vehicle Insurance - a contractor is required to show evidence of vehicle insurance if vehicle(s) are required to be used for the completion of contract works.
- Licences/Permits/Qualifications - evidence is required of all licences/permits and qualifications that are held to fulfil the requirements of a contract.

9.6.11 Occupational Health and Safety

Contractors are required to complete an Occupational Health and Safety Checklist as part of their tender response and provide the evidence of all listed documentation upon request.

10 Developing a Specification

10.1 What is a Specification?

The specification is one of the key elements of a set of tender and contract documents that are issued to prospective respondents. The specification is the key document that defines the particular requirements of the Council in terms of:

- service objectives/outcomes
- purpose
- scope
- quality and how performance will be measured.

It is important that the specification is of a high standard, as it will provide the detail to respondents including:

- understanding of your requirements for responses;
- appreciation for the objectives required; and the
- ability to accurately price the service/works.

The specification also forms the basis of the contract agreement between the parties.

10.2 Specification – Functions and Needs

The specification has a number of functions:

- to define user requirements
- for the respondent to price the work and the risk
- to identify standards, quality and performance targets
- as an instruction manual to fulfil the Contract
- to form part of the Legal Contract.

Key points to remember when writing a specification:

- the details ALWAYS vary
- the principles NEVER vary.



The detail that is required consists of:

- scope
- quality
- timing requirements
- methods or sequence
- requirements people, materials, plant equipment
- standards of delivery
- codes of practice.

The specification needs to describe what you want exactly:

- AS you want it – for example, ‘The contractor shall’
- HOW you want it
- WHEN you want it

11 Evaluation Criteria

The tender evaluation criteria must be selected to enable the Council to award the contract to the respondent who provides the best value. It is one of the most important considerations that you need to make when preparing a tender. The criteria that you write into the conditions of tendering will determine how the successful service provider / contractor will be selected.

The evaluation criteria must always be clearly documented in all tender documents issued to potential tenderers.

11.1 Council’s Evaluation Criteria

Generally there are three selection criteria categories:

- **conformance requirements** – requirements to submit documentation and certification as part of the tender submission
- **mandatory requirements** – factors which test risk associated with each respondent
- **scored evaluation criteria** (which are scored and weighted) – factors covering the resources of, and ability of, the respondent to fulfil the contract, together with the tender price.

11.2 Conformance requirements

A tender response should include the information requested in the tender documentation. This may include:

- the schedules required to score the tender
- statements of conformance
- conflict of interest declaration
- compliance with the Victorian Government Code of Practice for the Building and Construction Industry (for building and construction tenders).



11.3 Mandatory requirements

Mandatory requirements generally cover:

- confirmation of insurance policies and level of cover held
- compliance with occupational health and safety standards
- provision of financial information.

They may also cover:

- quality assurance: systems/accreditation to deliver quality
- management systems: to deliver the contract
- environmental sustainability: defined in terms of the impact of the proposed contract on the environment and/or in relation to supplier's environmental management practices.

Mandatory requirements are measured by the content of the response to Council's tender (schedules). Mandatory criteria should be based on identifiable technical standards or quantifiable data.

11.4 Scored evaluation criteria

The objective of the scoring process against evaluation criteria is to obtain optimum value for money. Value for money does not necessarily mean selecting the lowest price. Using the Victorian Auditor-General's Office definition of value for money, it is the optimum combination of quality, quantity, risk, timeliness, on a whole-of-contract and whole-of-asset life basis.

Most assessed criteria fall into one of following categories:

- **Capacity** measures resources which the bidder has available to it and can devote to undertake the tender. These may include labour (professional, trade or manual), material, plant and equipment, staff structure, availability of staff with expertise and support staff and subcontractors.

Capacity is measured by an assessment of the respondent's resources detailed in their tender proposal.

- **Capability** measures the ability of the respondent to complete the contract. This may include the knowledge and skills of the respondent, past history of timely project completion to the required quality, the respondent's systems for monitoring and managing projects, organisational systems and processes including ability to manage relations and resolve issues and disputes, the respondents appreciation of the tender requirements, where applicable, systems of governance and the methodology (including innovation) the respondent proposes to use to complete the project requirements. If there are environmental aspects to the tender, then the respondent's system for managing these should be assessed.

Capability is measured by the tender proposal supported by reference checks of the principals of previous contracts undertaken by the respondent.



- **Price(s)** measures the price – either lump sum or unit rates – submitted by the respondent.

The format for assessing price is as follows:

Price Score = Lowest Tender price / Tender Price x Criteria Weighting %

Where, 'tender price' is the price of the tender being evaluated.

- **Supporting local business** (please note that Section 2.6 of the Policy requires a weighting to local suppliers for all contracts).

12 The Tendering Process

The flowchart in Attachment 5 outlines the tender / EOI process.

12.1 E-tender portal

Council's Infrastructure Administration Officer will assist with the upload of the tender to Council's on-line portal TenderLink. TenderLink records an audit trail of all parties who have registered and accessed the tender documents and provides reports of all parties who have submitted a tender response. TenderLink ensures that the same documents are downloaded and an audit trail is held detailing all activity from the Council and prospective respondents.

12.2 Pre-Tender Bidder Briefings

It may be necessary to conduct a pre-tender bidder briefing in order to:

- outline service objectives
- provide further depth to tender documentation
- clarify the specification
- offer an opportunity for questions
- offer site visits relevant to the tender.

The date and time of the bidder briefing meeting will be published in the tender documentation.

Attendance at bidder briefings can be optional or mandatory. If mandatory, only those attending will be permitted to tender. As such, bidder briefings should rarely be mandatory.

The meetings must be organised by the Project Coordinator, and the following guidelines must be observed:

- Attendees must provide their details on arrival to the bidder briefing meeting. The Project Coordinator will hold the details in confidence
- Meetings will be coordinated and chaired by the proposed Contract Manager
- The Project Coordinator responsible for the tender must be prepared to provide a brief overview of the service required, advise participants of particular service details and answer questions relating to the requirements



- The Project Coordinator must arrange for a member of staff to record minutes of the meeting
- Minutes/Briefing Notes will be forwarded as an addendum to all parties who have obtained tender documents

12.3 Addendums to Tender Documents and Specification

Advice that necessitates addendums to tender documents and specifications or advice given to respondents following release of specifications (whether such advice is verbal or written) must be circulated to all persons, companies or other organisations who have requested tender documents via TenderLink.

All questions regarding the tender documents, including specifications, are to be addressed via TenderLink. The Project Coordinator is responsible for the issue of an addendum or answer to a question on TenderLink in a prompt manner.

Council must transmit all modifications or amendments or clarification to all the potential suppliers participating no later than 72 hours prior to the close of tenders. This will ensure adequate (but not optimal) time is allowed for potential suppliers to modify and re-lodge their submissions, if required.

12.4 Extending the Tender Closing Date

In certain cases, it may be beneficial to extend the closing date for tenders. This will generally be required when:

- there has been a delay in issuing documents
- there have been a number of Addendum's that require respondents to respond to additional information, or may change the nature of their response
- where there are a number of questions that illustrates uncertainty amongst potential respondents.

The Department Manager applicable to the project is to approve any extension of the closing date and the Project Coordinator must ensure that the date is amended within TenderLink.

13 Tender Evaluation Process

13.1 Tender Lodgement

Tenders will be received via TenderLink until the closing time and date specified.

13.2 Tender Opening

The submissions lodged via TenderLink are accessible by Records Staff at the stated closing time and date. Each and every tender submission is recorded in TRIM and then made available to the Project Coordinator for the evaluation process.



13.3 Late Tenders

Late tenders will **not** be accepted after the closing date and time and cannot be lodged by any other method i.e. via email, post or hand delivered.

TenderLink will automatically lock at the specified closing date and time. Where tender responses are partially uploaded the system will not allow for the upload to be completed. Tender documents must clearly detail this will occur.

13.4 Confidentiality

All staff and Councillors are prohibited from divulging any information or considerations relevant to the evaluation of tenders, as unauthorised release of confidential information which may adversely affect the integrity of the tender process.

All tender submissions, the associated assessment materials and notes shall remain the confidential property of the Council and shall be secured in accordance with Council's Records and Information Management Policy.

13.5 Tender/Quotation Evaluation Panel

The objective of the evaluation panel is to assess all offers received on the basis of the tender evaluation criteria in order to determine and recommend to the Council or delegate the best value option to achieve the objectives and outcomes of the service/product required.

The persons forming the evaluation panel must be involved in the assessment of all submissions. Under no circumstance should tenders or expressions of interest be considered by a single person panel.

The membership of the panel should be appropriate to the operational and technical aspects of the tender and preferably represent stakeholders as well as those staff who will be responsible for supervision of the resulting contract. The inclusion of a panel member who is independent of the organisational area conducting the contract should be considered where it is central to, or will improve, the objectivity of the panel.

13.6 Arranging a Tender Evaluation Panel

The Project Coordinator will:

- advise on membership of the panel
- ensure Conflict of Interest Form is completed and filed
- make arrangements for the evaluation panel to meet – this should be coordinated before the closing date of the tender to avoid any delays in the evaluation process
- prepare and make available Evaluation Form
- provide supporting documentation to the panel



13.7 Tender Evaluation

All tenders shall be considered in a fair and equitable manner taking into account the nominated evaluation criteria, the weighting and the relative scores and merits of each tender. Where a number of large submissions are received the panel may elect to shortlist prior to undertaking a detailed evaluation.

The evaluation schedule is used to document the evaluation scores and rationale for each evaluation criteria and must be retained as evidence of outcome.

The evaluation criteria listed in the tender document must be used in the evaluation schedules. The evaluation panel is to evaluate each tender on the specified criteria (and/or sub-criteria) and score it against the maximum possible mark, as noted in the weighting column.

Each tender is to be scored separately by members of the evaluation team. Following completion of individual evaluation, panel discussions are encouraged to ascertain the relevant score.

The tender evaluation scores are to be calculated and used in the evaluation summary and Council Report as supporting material.

Evaluation, negotiation and selection of tenders shall be in conformance with the requirements of AS4120 *Code of Tendering*.

The tender assessment should be undertaken in two stages:

Stage 1 Assessment against minimum tender requirements

- Assessment of the evidence provided against the tender assessment criteria.
- Assessment of capability to undertake and deliver the specified project outcomes

Only those tender submissions that satisfy these two points should proceed to Stage 2. This evaluation process must be undertaken by the Tender Evaluation Panel, be documented and saved in TRIM.

Stage 2 Best Value for Money

The tender criteria are evaluated and weighted by the Tender Evaluation Panel. The evaluation page of the Project Management Spreadsheet is set up to assist with this process.

An example as to what assessment criteria, minimum ratings and weighting is provided below:



Criteria	Description	Example Stage 1 Minimum Rating	Example Stage 2 Weighting
Capability to Complete Contract	Work methods and projected timeframes, availability of resources	3/5	20%
Experience & Performance	Level of experience in the type of work tendered (qualifications, referee assignment, quality of previous work)	3/5	20%
Local Economy Content	The following scoring will be adopted Local Contractor 10% Regional Contractor 6% Interstate Contractor 2%		10%
Price	Total Quoted Lump Sum of Works Consideration for rates for Day-works & Variation Purposes etc.		50%

13.8 Evaluating Non-Conforming and Incomplete Tenders

A conforming tender is one which meets all the conditions described in the Tender Information and Conditions of Tendering and meets the requirements of the Specification. A non-conforming tender is one which does not meet those requirements.

Where a tender is significantly incomplete, the evaluation panel can discard the tender as non-conforming.

When a submission is partially incomplete the evaluation panel may elect to include the tender.

Tenders shall be given 24 hours to supply the missing information. Under no circumstances shall an individual respondent be permitted to amend its price unless an obvious typographical or arithmetic error is present.

13.9 Financial Due Diligence

An ABN check is to be completed for all preferred contractors by checking that the details provided in the submission matches the details on the Australian Business Register.

Depending on the cost and risk of a project, the preferred contractor may require a more complex financial due diligence check prior to awarding a contract.

The advice of Council's Procurement Officer should be sought regarding this process.



Interviewing respondents

In order to gain a greater understanding or to clarify any ambiguity, the panel may undertake interviews with respondents as a second step in the evaluation. The process for interviewing tenderers will be coordinated by the Project Coordinator.

- all panel members must be present at interviews with respondents
- when interviewing respondents, the panel must take care not to negotiate with respondents in relation to the price submitted.
- the panel must treat tenders as “commercial-in-confidence”. No information regarding any other tender response must be communicated to a respondent.
- written notes from interviews for use during the evaluation are to be recorded in TRIM.

13.10 Obtaining References

The evaluation panel will undertake referee checks for respondents who are not known to the Council and will make relevant notes for discussion with other panel members. The following is a guide of questions which may be asked:

- Contractors performance
- Contractors understanding of the requirements and outcomes
- Quality of work
- Completion according to specified timeframes
- Why was the performance satisfactory/unsatisfactory
- Nature of relationship (positive/productive/negative/adversarial/pro-active or reactive)
- Level of supervision required
- Level of communication with the contractor
- Any major issues experienced with the contractor
- How were these overcome
- Would the contractor be considered for future work

13.11 Post tender negotiations

The goal of the tender evaluation process is to select the tender(s) which will best meet the Council’s objectives. This may mean that Council needs to conduct negotiations with a tenderer in order to better meet/achieve its objectives.

The objective of post-tender negotiations is to obtain the optimal solution and commercial arrangements and not merely the lowest price. By the end of the negotiation/clarification process, Council and the supplier must have the same expectations about the obligations of each party and how the contract will operate. All substantive issues must be agreed and the contract documentation amended to reflect the agreement.

If a Council proposes, or seeks the option, to conduct negotiations then its tender documentation must specify that Council reserves the right to negotiate with one or more preferred tenderers.



13.12 Tender Evaluation Report

The Project Coordinator shall prepare the Council Evaluation Report using the template which is located on Council's Intranet.

14 Contract Preparation

All contractual relationships must be documented in writing.

The contract must ensure that all contractors and its employees, sub-contractors and agents obey any Acts, Council policies, regulations and local laws in any way applicable to the performance of a contract.

There may be an exceptional circumstance when full documentation cannot be recorded prior to purchase in accordance with these Procedures, such as when purchasing goods, services or works in response to an immediate natural disaster or emergency. In these rare circumstances approval must be obtained from the appropriate member of Council staff listed in the relevant Delegations and Authorisations. A request for such an approval should be supported with procurement and legal advice as relevant.

14.1 Preparation of Contract Documents

The Project Coordinator will prepare two physical copies of the contract documents for signing. The Contractor is to sign both copies and then return for execution by the Council.

- One full signed copy is to be recorded to on the Contract Management File and actioned to the nominated Project Manager
- One copy forwarded to the Contractor

The contract will include the following:

- copy of signed letter of award
- formal instrument of agreement
- the successful respondent's tender submission
- any tender addendums
- any correspondence between Council and the successful respondent relating to negotiation of price, contract conditions, contract program details etc
- Contract Specification
- Australian Standard and General Conditions of Contract
- all drawings including any revised drawings

14.2 Australian Standards

The following Australian Standards Contracts are relevant:

AS 4949-2001	Work Order
AS 4906-2002	Minor Works Contract
AS 4000-1997	General conditions of contract



AS 4902-2000 General conditions of contract for design and construct
 AS 4122-2010 General conditions of contract for consultants

The following table is used by Council’s Infrastructure Department to identify the appropriate Australian Standard for building and construction contracts.

Simple Matrix	Estimated Project Amount			
	\$1-10,001	\$10,001-150,000 for Goods and Services	\$10,001 - \$200,000 for Construction and Works <i>Eol & Tenders</i>	\$150,001+ goods and services, \$200,001 for buildings/works <i>Tenders Only</i>
Project Complexity				
Low (1-4)	AS4949	AS4949	AS4906	AS4906
Medium (5-8)	AS4949	AS4906	AS4906	AS4000
High (9-10)	AS4906	AS4906	AS4906	AS4000

The list of works below is used to inform the matrix and should be edited to suit the individual contract scope.

Works Included	Complexity Value
Earthworks	1 point
Drainage (including headwalls, pits etc)	1 point
Road pavement (including seal, asphalt)	1 point
Concrete (footpaths, kerb and channel)	1 point
Structural works (including building works)	1 point
Major service alterations	1 point
High level of Quality Assurance required	1 point
High level of OH & S implementation required	1 point
Frequent inspections required (ie more than two per week)	1 point
High level of contract administration and management required	1 point

14.3 Contract Management

Council’s Contract Management Policy and Procedures take effect once the Contract is awarded and signed by both Council and the Contractor.



15 Appendix A – Glossary of Terms

Term	Definition
the Act	Local Government Act 1989 (as amended)
Addendum	additional information or corrections about a request for quotation or tender, provided to all registered potential respondents after the release to market date
Annexure	to the General Conditions of Contract – a document attached to standard General Conditions of Contract which allows requirements specific to a particular contract to be set down (e.g. contract period, insurance details, etc)
Budget	<p>is approved funds which establishes the expenditure authority for the specified items. The expenditure authority is the legal limit within which the Council must operate</p> <p>A budget should include the total revenue and expenses for the project including a contingency sum and depreciation</p> <p>The budget serves as the key tool for financial management and control and is the central component of the process that provides the Council and government with oversight of the financial dimensions of operations</p>
Commercial in Confidence	information that, if released, may prejudice the business dealings of a party (for example, discounts, rebates, profits, methodologies and process information)
Conditions of contract	the contractual terms that define the obligations and rights of the parties involved in the contract, and form the basis of the contract awarded to the successful bidder
Conditions of tendering	rules governing the content and submission of tenders and the conduct of the tendering process
Contract	an agreement between two or more authorised persons on behalf of their organisations to perform or not perform a specific act/s that is enforceable in law. A contract may be verbal or written or inferred by conduct
Contractor	respondent (person, firm, etc.) whose tender/quotation offer has been accepted by the Council with or without modification



Contract variation	an addition or alteration to the goods and/or services under a contract that is within the general scope of the original contract. A contract variation must be documented between the parties with a letter of variation
Council staff	includes full-time and part-time Council staff, temporary employees, contractors and consultants while engaged by the Council
Defects Liability Period	the period of time commencing on the date of issue of a Certificate of Practical Completion during which the Contractor is responsible for the correction of any omissions and defects. The duration of the Defects Liability Period is to be stated in the Annexure to the General Conditions of the contract
Delegate	a person authorised by the Council or Chief Executive Officer to make general or specified decisions constrained by the instrument of delegation. Specifically, delegates commit and incur expenditure and the delegate is responsible for actions arising from their use of such power
Delegation	a power handed down by the Council or Chief Executive Officer in an instrument to enable a delegate to act on Council's behalf
Due diligence	the process of reviewing and analyzing in detail the capacity of a bidding organisation to meet future contract performance requirements. This may include a detailed assessment of the organisation's financial stability, legal risks, technical capacity and infrastructure
e-tender portal	an internet-based electronic tendering system that allows the Council to electronically invite or advertise, distribute documents, securely receive and open tenders, and provide various notices
Expression of interest (EOI)	a response to an open approach to the market requesting submissions from bidders interested in participating in procurement. It is used to identify potential suppliers interested in, and capable of, delivering the required good and services. Potential suppliers are asked to provide information on their capability to do the work. It is usually the first stage of a multi-stage tender process
Evaluation criteria	the criteria used to evaluate the compliance and/or relative ranking of tender responses. All evaluation criteria must be clearly stated in the request documentation



Final Completion Certificate	the certificate, issued by the Supervisor/Superintendent, to certify that the contractor has satisfactorily completed the works and fulfilled all other obligations under the contract
Formal instrument of agreement	formalises the contractual agreement between the parties
GST	Goods and Services Tax. All monetary values stated in this policy include GST except where specified otherwise
Latent conditions	unexpected and adverse site conditions (usually ground conditions) encountered in the course of construction, which could not have been reasonably anticipated by the Contractor
Local	businesses based within Mansfield Shire
Lump Sum Contract	a contract awarded on a fixed price basis i.e. the payment due on completion is not subject to measurement of the quantities of work actually done, but would be subject to adjustment should any variations be ordered
Negotiation	The bargaining process between two or more parties. Each party has its own viewpoints and objectives, but seeks to reach an overall satisfactory arrangement
Panel	a group of suppliers that have been selected through a procurement process to provide goods or services at agreed rates and conditions
Probity	<p>In the context of a procurement process probity is a defensible process which is able to withstand internal and external scrutiny – one which achieves both accountability and transparency, providing tenderers with fair and equitable treatment</p> <p>In the procurement sector, probity relates to proper and ethical conduct, and propriety in dealings with the market. Probity is integral to the goal of achieving value-for-money outcomes</p>
Procurement	is the whole process of the acquisition of external goods, services and works. 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. It also includes the organisational and governance frameworks that underpin the procurement function
Progress payment	an interim payment made for work done during the course of a contract



Project Coordinator	Staff member responsible for coordinating the process for each particular procurement
Provisional item	an item of the Schedule of Rates (or other similar Schedule, depending on the type of contract), designated as a provisional item, to enable a price or rate to be obtained for work which may or may not be required by the Supervisor/Superintendent. No payment is made if the work is not required
Purchase order	a form of contract, which is an official document used to authorise and record the purchase of goods or services by a buyer. It is the prime reference confirming the contractual situation between the buyer and supplier
Quotation/quote	a document in the form of an offer to supply goods and/or services usually in response to a request for quotation
Rate	a price per unit quantity of work
Request for expression of interest (EOI)	an invitation for persons to submit an EOI for the provision of goods, services or works generally set out in the overview of requirements contained in the document. This invitation is not an offer or a contract. It identifies potential suppliers interested in, and capable of, delivering the required goods or services. Potential suppliers are asked to provide information on their capability to do the work. It is usually the first stage of a multi-stage tender process
Request for information (ROI)	formal request for information to gain a more detailed understanding of the supplier market and the range of solutions and technologies that may be available. It may be used to develop documentation for a future tender
Request for quotation (RFQ)	a process of inviting offers to supply goods and/or services involving simple documentation, a limited number of potential suppliers and generally of relatively lower values
Request for tender (RFT)	a process of inviting offers against a set of clearly defined and specified requirements. Tenderers are advised of all requirements involved, including the conditions of tendering and proposed contract conditions
Risk	effect of uncertainty on objectives



Schedule of Rates	the schedule contained in a Schedule of Rates contract listing the items of work to be done and/or materials supplied, the estimated quantities and the rates tendered for each item. It may include prime cost items, provisional sum items and items of work to be paid for on a lump sum basis
Schedule of Prices	the Schedule included in a Lump Sum Contract listing prices for the items of work to be done and/or materials supplied. It may include prime cost items, provisional sum items, provisional items and some items with provisional quantities of work to be paid for on a unit rate basis
Specification	the statement which clearly and accurately describes the essential requirements for goods, services or works. It may also include the procedures by which it will be determined that the requirements have been met and performance required under a contract
Standing Offer Arrangements	a contract that sets out rates for goods, services and works which are available for the term of the agreement. However, no commitment is made under the agreement to purchase a specified value or quantity of goods or services. Abbreviated as SOA
Subcontractor	any person or organisation engaged by the contractor to do part of the Works or works of a certain kind, on behalf of the contractor
Tender	an offer in writing to supply goods and/or services, usually submitted in response to a public or selective invitation such as a request for tender
Thresholds	the value above which a procurement, unless exempt, is subject to the mandatory procurement procedures
TRIM	Council's Central Records Management System
Variation	any alteration to the services or works as defined in the contract documents at the date of the acceptance of tender which is requested by the Supervisor/Superintendent and approved by the Council
Value for money	the optimum combination of quality, quantity, risk, timeliness, on a whole-of-contract and whole-of-asset-life basis (VAGO)



Attachment 1 - Delegated Officer Authorised Purchasing Limits

Position	**Payment Authorisation Limit	Authority to Accept Tenders	Authority to Accept Quotes	Authority to Extend Contract Term and other Non Financial Amendments	Authority to Approve Contract Variations Within Allocated Budget	Authority to Approve Procedural Exceptions	Corporate Credit Card Limit
Chief Executive Officer	\$150,000 for services, \$200,000 for buildings & works	Yes	Yes	Yes	No limit subject to budget and purchasing delegations	Yes	\$5,000
Executive Assistant - CEO	\$2,000	No	No	No	No	No	\$2,000
Corporate & Organisational Development Manager	\$50,000	Yes	Yes	Yes	Up to 10%	No	\$5,000
Corporate & Organisational Development Coordinator	\$2,000	No	No	No	No	No	
Risk & OHS Officer	\$2,000	No	No	No	No	No	
IT Coordinator	\$25,000	No	Yes	No	No	No	\$5,000
Records & Customer Services Supervisor	\$2,000	No	No	No	No	No	
Finance Manager	\$50,000	Yes	Yes	Yes	Up to 10%	No	\$5,000
Senior Accountant	\$5,000	No	Yes	No	No	No	
Business Support Officer	\$2,000	No	No	No	No	No	
Revenue Coordinator	\$5,000	No	Yes	No	No	No	
Infrastructure Manager	\$50,000	Yes	Yes	Yes	Up to 10%	No	\$5,000
Technical Services Coordinator	\$25,000	Yes	Yes	No	Up to 10%	No	
Works Coordinator	\$25,000	No	Yes	No	No	No	
Project Officer	\$10,000	No	Yes	No	No	No	



Position	**Payment Authorisation Limit	Authority to Accept Tenders	Authority to Accept Quotes	Authority to Extend Contract Term and other Non-Financial Amendments	Authority to Approve Contract Variations Within Allocated Budget	Authority to Approve Procedural Exceptions	Corporate Credit Card Limit
Technical Officer	\$2,000	No	Yes	No	No	No	
Depot Administration Officer	\$10,000	No	Yes	No	No	No	\$15,000
Works Inspector	\$2,000	No	No	No	No	No	
Infrastructure Administration Officer	\$5,000	No	No	No	No	No	\$5,000
Mechanic	\$2,000	No	No	No	No	No	
Parks & Gardens Supervisor	\$5,000	No	Yes	No	No	No	
Roads Supervisor	\$5,000	No	Yes	No	No	No	
Development Services Manager	\$50,000	Yes	Yes	Yes	Up to 10%	No	\$5,000
Senior Environmental Health Officer	\$10,000	No	Yes	No	No	No	
Principal Planner	\$2,000	No	No	No	No	No	
Planning Administration Officer	\$2,000	No	No	No	No	No	
Community Liaison Officer Building and Local Laws	\$2,000	No	No	No	No	No	
Local Laws Officer	\$2,000	No	No	No	No	No	
Development Services Admin. Support EH	\$2,000	No	No	No	No	No	
Waste Management Officer	\$2,000	No	No	No	No	No	
Environment Officer	\$2,000	No	No	No	No	No	
Community Services Manager	\$50,000	Yes	Yes	Yes	Up to 10%	No	\$5,000
Community Health & Wellbeing Team Leader	\$10,000	Yes	Yes	No	No	No	\$2,000
Community & Home Care Coordinator	\$2,000	No	No	No	No	No	\$1,000
Planned Activity Officer	\$2,000	No	No	No	No	No	\$1,000
Family Services & Partnerships Coordinator	\$2,000	No	No	No	No	No	\$2,000
Emergency Management Officer	\$2,000	No	No	No	No	No	\$2,000



Position	**Payment Authorisation Limit	Authority to Accept Tenders	Authority to Accept Quotes	Authority to Extend Contract Term and other Non-Financial Amendments	Authority to Approve Contract Variations Within Allocated Budget	Authority to Approve Procedural Exceptions	Corporate Credit Card Limit
Tourism & Events Coordinator	\$2,000	No	No	No	No	No	\$2,000
Business Services Co-ordinator	\$5,000	No	Yes	No	No	No	\$2,000
Community & Cultural Connections Coordinator	\$2,000	No	No	No	No	No	
Community Development Team Leader	\$10,000	Yes	Yes	No	No	No	\$2,000
Youth Services & Partnerships Coordinator	\$2,000	No	No	No	No	No	\$2,000
Financial Counsellor	\$2,000	No	No	No	No	No	\$2,000
Library Services Co-ordinator	\$2,000	No	No	No	No	No	\$1,000
Governance & Risk Coordinator	\$5,000	No	Yes	No	No	No	
Economic Development Officer	\$5,000	No	Yes	No	No	No	
Economic Development Assistant	\$2,000	No	No	No	No	No	
Governance Administration Officer	\$2,000	No	No	No	No	No	



Attachment 2 - Financial Variation Request

Position: _____

Variation Request Details:

- Financial Delegation \$ _____
- Authority to Accept Tenders Yes / No
- Authority to Accept Quotes Yes / No
- Authority to extend Contract Term and other Non-Financial Amendments Yes / No
- Authority to approve Contract Variations within allocated budget
- Authority to approve Procedural Exceptions
- Corporate Purchasing Card Limit:

Estimated monthly expenditure \$ _____

Maximum individual transaction value \$ _____

Purpose for which the Purchasing Card will be utilised

Requested by:

Manager Name _____

Manager Signature _____ Date of request ___/___/___

Approved by:

CEO Name _____

CEO Signature _____ Date of approval ___/___/___

Please forward completed form to Council's Purchasing/Payroll Officer

- Procurement Policy Updated Approved Financial Delegation Form to be completed
- Form recorded in TRIM E2478



Attachment 3 - Procedural Exceptions Memorandum

To:	Chief Executive Officer
From:	(Relevant Departmental Manager)
Prepared by:	
Date:	
Item to be procured:	
File Reference:	

An exemption from the provisions of the Procurement Policy is sought on the following grounds:

- Emergency
- Sole supplier or insufficient quotes
- Minor amendment to scope
- Advantageous time-limited conditions
- Intellectual property
- Absence of competition
- Support from the original supplier

Proposed supplier:

Total value of item to be procured:

Background:

Justification for variance of Policy:

Recommendation:

List of attached proof of exceptional circumstance(s):

Chief Executive Officer Approval:

Yes No

Comments (optional):



Attachment 4 - Procurement Initiation Form

Project Name:

File Reference Number:

Responsible Officer:

Background:

What is the back ground information to this procurement?

Objective:

What is the goal of this procurement?

Key Deliverables:

What exactly do you want to end up with?

Project Brief / Specification:

What are the requirements for the procurement?

Risk Management:

Approved Budget or Source of Funds:

Timeline:

Procurement Method:

.....
Signature of Responsible Officer

.....
Date

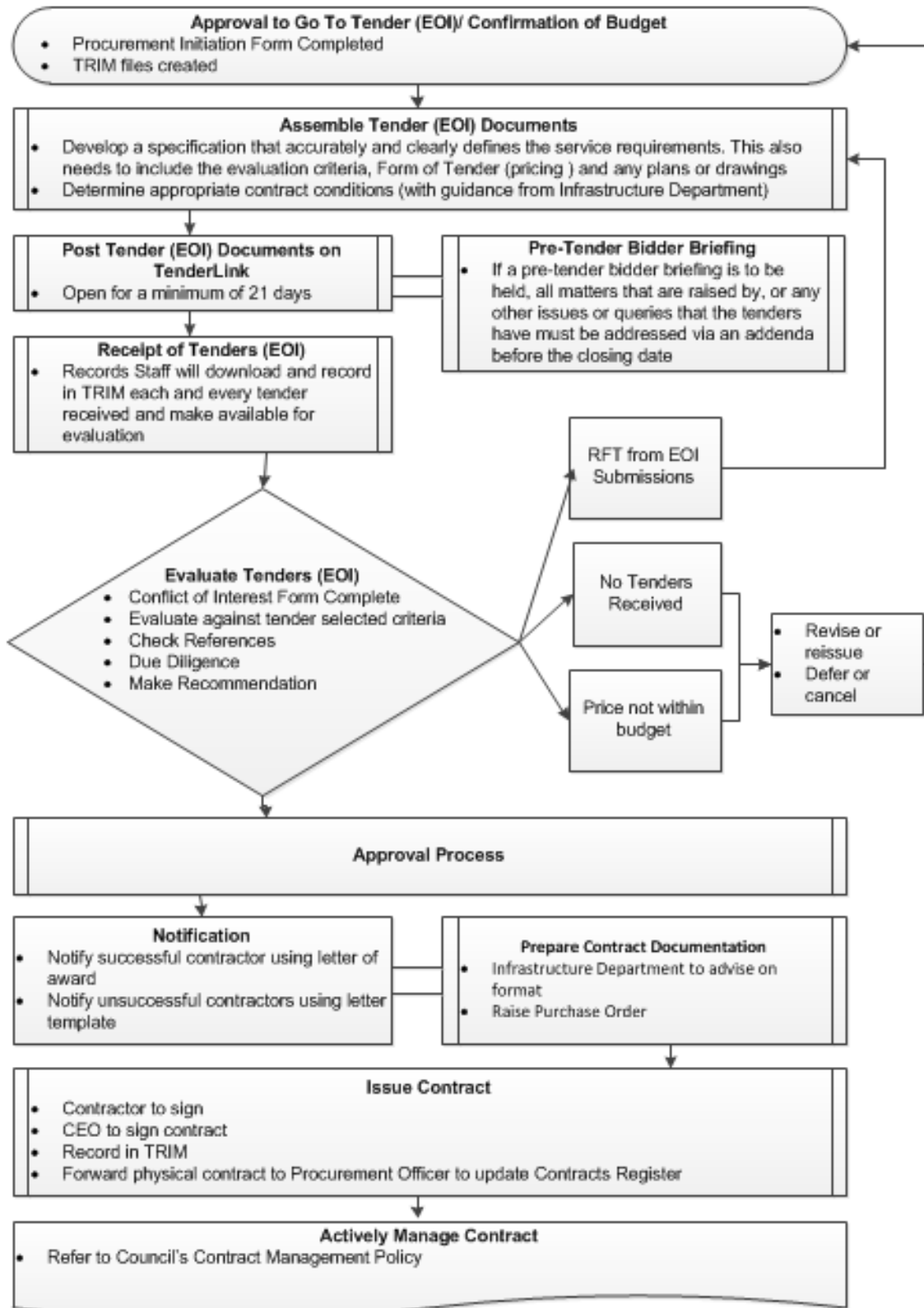
.....
**Signature of Manager
(with appropriate Financial Delegation)**

.....
Date

Please complete this form and forward to Procurement Officer



Attachment 5 - Tender (EOI) Process





Attachment 6 - Tender / Quote / Expression of Interest Evaluation Form

		CM0000.000 - ?															
		Item 1	Item 2	Item 3	Item 4	Item 5	Item 6	Item 7	Item 8	Item 9	Item 10	Item 11	Item 12	Item 13	Item 14	Item 15	Totals (ex GST)
1	Contractor A	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,000.00
2	Contractor B	\$15,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15,000.00
3	Contractor C	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4	Contractor D	\$85,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$85,000.00
5	Contractor E	\$80,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$80,000.00
6	Contractor F	\$50,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50,000.00
7	Contractor G	\$80,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$80,000.00
8	Contractor H	\$40,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$40,000.00
Median \$45,000.00																	

Evaluation Criteria	Rating (%)	Aggregated scores								Average Row Scores	Extended Scores	Average Row Scores	Extended Scores								
		Contractor 1		Contractor 2		Contractor 3		Contractor 4						Contractor 5		Contractor 6		Contractor 7		Contractor 8	
		Average Row Scores	Extended Scores	Average Row Scores	Extended Scores	Average Row Scores	Extended Scores	Average Row Scores	Extended Scores					Average Row Scores	Extended Scores	Average Row Scores	Extended Scores	Average Row Scores	Extended Scores	Average Row Scores	Extended Scores
Integrated Management System (Environmental, Quality & OHS)	20%	2.00	0.40	1.00	0.20	1.00	0.20	3.00	0.60	5.00	1.00	2.00	0.40	1.00	0.20	5.00	1.00				
Local Economy Content (local employees / businesses)	10%	3.00	0.30	2.00	0.20	1.00	0.10	3.00	0.30	5.00	0.50	3.00	0.30	2.00	0.20	5.00	0.50				
Environmental Sustainability ("green" products & procurement)	5%	4.00	0.20	3.00	0.15	1.00	0.05	3.00	0.15	5.00	0.25	2.00	0.10	1.00	0.05	4.00	0.20				
Capability to complete contract (construction methods & program)	5%	5.00	0.25	4.00	0.20	1.00	0.05	3.00	0.15	5.00	0.25	3.00	0.15	2.00	0.10	5.00	0.25				
Experience & Performance (qualifications, referees & previous work)	10%	1.00	0.10	5.00	0.50	1.00	0.10	3.00	0.30	5.00	0.50	2.00	0.20	1.00	0.10	4.00	0.40				
Total price (tendered lump sum)	50%	6.34	3.47	5.83	2.92	6.39	3.19	-1.94	-0.97	-1.39	-0.63	1.94	0.97	0.83	0.42	3.06	1.53				
	100%	SCORE	4.72	SCORE	4.17	SCORE	3.69	SCORE	0.53	SCORE	1.81	SCORE	2.12	SCORE	1.07	SCORE	3.88				

ID	Name	Signature		Date	
		Signature	Date	Signature	Date
XX	Officer Name				
XX	Officer Name				
XX	Officer Name				