

Responsible Officer	Chief Executive Officer
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PURPOSE/OBJECTIVE

To ensure Catalina Regional Council (CRC) procurement practices and processes are compliant with relevant legislation and best practice.

The objectives of this policy are to:

- Ensure best practice policies and procedures are followed in relation to procurement for the CRC;
- Ensure compliance with the *Local Government Act 1995 (the Act)* and Part 4 of the *Local Government (Functions and General) Regulations 1996 (The regulations)*;
- Ensure compliance with the State Records Act 2000 and associated records management practices and procedures of CRC;
- Undertake procurement processes that ensure value for money for CRC by delivering the most advantageous outcome possible;
- Ensure openness, transparency, fairness, and equity through the procurement process to all potential suppliers; and
- Ensure efficient and consistent procurement processes are implemented and maintained across CRC.

SCOPE

This policy covers all purchasing requirements associated with CRC operations.

POLICY STATEMENT

1. ETHICS AND INTEGRITY

Code of Conduct

All employees of CRC undertaking procurement activities are expected to have regard for the Code of Conduct requirements and observe the highest standards of ethics and integrity. All employees are expected to act in an honest and professional manner.

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

- full accountability shall be taken for all procurement decisions and the efficient, effective and proper expenditure of public monies to achieve value for money;
- all procurement practices shall comply with relevant legislation, regulations, and requirements consistent with CRC's applicable policies and Code of Conduct;
- procurement is to be undertaken on a competitive basis where all potential suppliers are treated impartially, honestly and in a similar manner;

- all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies, audit requirements and relevant legislation;
- any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed;
- any information provided to CRC by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation; and
- any canvassing of CRC's elected members or employees shall disqualify businesses seeking to do business with CRC in relation to the applicable procurement

2. VALUE FOR MONEY

Value for money is the basis for comparing conforming bids so that the optimal offer can be selected. Achieving user requirements, quality standards and service benchmarks is more important than obtaining the lowest price

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

- All relevant whole-of-life costs and benefits;
- Technical merits of the goods or services being offered in terms of compliance with specifications and contractual conditions; and
- Financial viability and capacity to supply without risk of default.

In this context, the value for money principle embraces:

- Cost related factors; and
- Non-cost factors.

Value for money assessment involves the comparison and evaluation of suitable conforming offers. Factors to be considered in making this decision include the following:

- Value for money is not necessarily about selecting the successful bidder based on price alone, although the lowest total priced, conforming offer can be used as an initial benchmark for comparing value for money. Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer;
- All offers should be evaluated in a consistent manner against the evaluation criteria for the procurement. Evaluation criteria should be determined in accordance with the provisions of Section 3; and
- A due diligence investigation of the preferred or shortlisted bidders should be undertaken for all high value or complex purchases to ensure that bidders have the financial stability and technical capacity to comply with the requirements of the contract.

Value for money considerations are not only relevant to the selection of a successful supplier and the purchase of goods or services. Value for money should also be applied to the ongoing contract management over the life of the procurement.

3. PURCHASING REQUIREMENTS

3.1 Values

Purchasing that is **\$250,000 or below in total value (excluding GST)** must be in accordance with the purchasing requirements under the relevant threshold as defined under section 3.2. Purchases under \$250,000 are categorised as simple purchases but nevertheless require controls and appropriate accounting and probity support practices.

Purchasing that **exceeds \$250,000 in total value** (excluding GST) must be put to public Tender when it is determined that a regulatory Tendering exemption, as stated under section 3.2 is not deemed to be suitable.

3.2 Purchasing Thresholds

The purchasing threshold relates to the actual or expected value of a contract over the full contract period or the extent to which CRC will continue to purchase a particular category of goods, services or work and the total value of that purchase.

When seeking quotations/tenders, request documentation should contain but not limited to:

- Specification/brief
- Pricing either lump sum or schedule of rate
- Warranty/defect liability
- Conditions of quote/tender
- Conditions of contract

If a purchasing threshold would be reached within three years for a particular contract for procurement, then the purchasing requirement under the relevant threshold (including the tender threshold) would need to be considered.

In addition to the other policy provisions, the table below prescribes the purchasing request process to be applied based on the proposed purchase value:

Purchase Value Threshold (Exclusive of GST)	Procurement Requirement where no existing agreement/contract exists with CRC	Evaluators
Up to \$2,000	Direct purchases up to \$2,000 may be made on a single verbal quotation, however, best practice will require that market testing be undertaken from time to time and that consideration be given to value for money purchasing. A record of the obtained quotation must be maintained.	Sole internal evaluator
Over \$2,000 and up to \$5,000	Direct purchasing requires at least one written quotation should be obtained except where impractical due to availability of suppliers. A record of quotations obtained must be maintained. All quotations are to be obtained prior to a supply order being authorised.	Sole internal evaluator

	Where there is a waiver of the requirement for a quotation, the reason for the waiver must be noted and approved by the CEO.	
Over \$5,000 and up to \$20,000	<p>Endeavours are to be made to obtain at least two written quotations must be obtained in writing, by fax or email. Email submissions must contain an electronic signature or the image of a signature of a person authorised to provide the quotation.</p> <p>Quotations must be made in reference to a specification setting out the details of supply, the pricing required, delivery requirements and other relevant matters.</p>	Minimum of one internal evaluator
Over \$20,000 and up to \$50,000	<p>Endeavours are to be made to obtain at least three written quotations must be obtained in writing, by fax or email. Email submissions must contain an electronic signature or the image of a signature of a person authorised to provide the quotation.</p> <p>Quotations must be made in reference to a specification setting out the details of supply, the pricing required, delivery requirements and other relevant matters.</p>	Minimum of one internal evaluator
Over \$50,000 and up to \$250,000	<p>Specialised provisions in respect to Consultancy Services, formalised Request for Quotations (RFQ) must be made in reference to:</p> <ul style="list-style-type: none"> • A written brief defining the services required; • The deliverables from the consultancy; • The start and end time; • The fee basis i.e. fixed, hourly, component completion; • The basis for any variation fees; and • Provisions for termination of services. <p>Completion of a contract for consultancy services must be subject of a written agreement signed by the consultant and CRC.</p> <p>If it is expected that the Council will enter into two or more contracts with one supplier which may exceed \$250,000 then Council should invite tenders.</p>	Minimum of two internal evaluators
Over \$250,000	<p>Conduct a public Request for Tender process in accordance with Part 4 of the <i>Local Government (Functions and General) Regulations 1996, this policy and CRC's tender procedures</i>. Before tendering for the supply of goods for an amount greater than \$250,000 an authorisation to proceed with the tender must be obtained from the Council.</p>	Evaluation Panel comprised of internal and external representatives

3.3 Sole Source of Supply

Where the procurement requirement is of a unique nature that can only be supplied from one supplier, the purchase is permitted without undertaking a tender or quotation process. This is only permitted in circumstances where CRC is satisfied and can demonstrate that there is only one source of supply

for those goods, services or works.

CRC must use its best endeavours to determine if the sole source of supply is genuine by exploring any alternative sources of supply. From time to time, CRC may publicly invite an expression of interest to effectively determine that one sole source of supply prevails in this situation.

Once determined, the justification for a sole source of supply must be endorsed by the Chief Executive Officer, prior to a contract being entered into, or a purchase order raised.

3.4 Basis of Contracts

The basis for contracts must be stipulated in tender invitations i.e. any Australian Standard contract proposed to be used.

Where a specifically designed contract is proposed, the details of the contract are to be provided with the tender invitation.

Where variations are proposed to Australian Standard contracts, a schedule of variations is to be included in the tender invitation.

3.5 Evaluation Criteria for Request for Quotations and Tenders

Evaluation criteria are to be detailed in RFQ and Tender documents to inform prospective tenderers and evaluators of the basis and method for scoring responses. An Evaluation Plan should be prepared, detailing the intended approach to completing the evaluation of responses.

Evaluation criteria should include:

- Compliance requirements, dealing with matters such as insurances, detailing of previous events such as litigation, insolvency or offences and declarations of any representations, partnership arrangements or potential conflicts of interest; and
- Qualitative criteria.

Qualitative criteria may vary depending on the nature of the activity, scope of works and pricing, making it difficult to adopt a single evaluation model to suit all circumstances.

Either of three evaluation models are to be applied – Model 1 is for procurement of technical or specialist consultancy services, Model 2 is for procurement of construction services and Model 3 is for the disposal of property, including potential built form development partnership arrangements. Each model contains nominated criteria and related weightings within defined ranges.

The Chief Executive Officer may call for submissions through a RFQ or tender process where the stipulated evaluation criteria include all mandatory requirements and fall within the accepted weighting ranges as follows:

Model 1 – Consultancy Services	
Evaluation Criteria	Accepted Weighting Range
Price (mandatory criterion)	30-50%
Relevant Experience (mandatory criterion)	10-30%

Capability (mandatory criterion)	10-30%
Methodology	10-30%
Sustainability	5-20%
Additional criteria deemed appropriate	10-20%

Model 2 – Construction Services	
Evaluation Criteria	Accepted Weighting Range
Price (mandatory criterion)	50-60%
Relevant Experience (mandatory criterion)	10-30%
Capability (mandatory criterion)	10-30%
Methodology	10-30%
Sustainability	10-20%
Additional criteria deemed appropriate	10-20%

Model 3 – Property Disposal including Built Form Development Arrangements	
Evaluation Criteria	Accepted Weighting Range
To be determined by the Council and may include commercial arrangements, track record, design, best practice/sustainability and financial capacity.	

The allocation of evaluation scores in conducting evaluation of tender responses must be made in accordance with criteria set prior to the issue of tender invitations. The allocation would typically be made over a range of items such as those shown in the following table:

Rating	Description
10	Highly convincing and credible. Response demonstrates exceptional capability, capacity, and experience relevant to, or understanding of, the requirements of the Evaluation Criterion and could not reasonably be improved upon. Comprehensively documented with all claims fully substantiated. Insignificant risk.
9	Highly convincing and credible. Response demonstrates outstanding capability, capacity, and experience relevant to, or understanding of, the requirements of the Evaluation Criterion. Documentation provides complete details. All claims adequately demonstrated and substantiated. Insignificant risk.
8	Response complies, is convincing and credible. Response demonstrates excellent capability, capacity, and experience relevant to, or understanding of, the requirements of the Evaluation Criterion. Some minor lack of substantiation but the Respondent's overall claim is supported. Low risk.

Rating	Description
7	Response complies, is convincing and credible. Response demonstrates very good capability, capacity, and experience, relevant to, or understanding of, the requirements of the Evaluation Criterion. Minor uncertainties and shortcomings in the Respondent's claims or documentation. Low risk.
6	Response complies and is credible but not completely convincing. Response demonstrates adequate capability, capacity, and experience, relevant to, or understanding of, the requirements of the Evaluation Criterion. Respondent's claims have some gaps. Low risk.
5	Response has minor omissions. Credible but barely convincing. Response demonstrates only a marginal capability, capacity, and experience relevant to, or understanding of, the requirements of the Evaluation Criterion. Medium risk.
4	Barely convincing. Response has shortcomings and deficiencies in demonstrating the Respondent's capability, capacity, and experience relevant to, or understanding of, the requirements of the Evaluation Criterion. Medium risk.
3	Unconvincing. Response has significant flaws in demonstrating the Respondent's capability, capacity, and experience relevant to, or understanding of, the requirements of the Evaluation Criterion. Medium risk.
2	Unconvincing. Response is significantly flawed, and fundamental details are lacking. Minimal information has been provided to demonstrate the Respondent's capability, capacity, and experience relevant to, or understanding of, the requirements of the Evaluation Criterion. High risk.
1	Response is totally unconvincing, and requirements have not been met. Response has inadequate information to demonstrate the Respondent's capability, capacity, and experience relevant to, or understanding of, the requirements of the Evaluation Criterion. High risk.
0	Respondent was not evaluated as it did not provide any requested information and/or contravened nominated restrictions. High risk.

The table showing the evaluation of scores is not to be published with the RFQ or tender invitation or to be made otherwise available to prospective or actual tenderers.

Tenders may be lodged to a secure tender box or secure email tender box.

The use of an email tender box will be decided by the CEO in each instance having regard for the nature of the tender, the size of the likely tender response and such other factors as may relate to each tender invitation. Where an email tender is permitted, the full details of how the tender should be submitted should be included in the tender invitation.

When tenders are opened there must be at least two employees of Council, or one Council employee and one person authorised by the CEO, present.

3.6 Inviting Tenders Under the Tender Threshold

Where considered appropriate and beneficial, or to manage procurement risk, CRC may consider publicly advertising Tenders in lieu of undertaking a Request for Quotation for purchases under the tender threshold (\$250,000).

This decision should be made after considering the benefits of this approach in comparison with the costs, timeliness, and compliance requirements. If a decision is made to undertake a public Tender for contracts expected to be \$250,000 or less in value, the CRC's tendering procedures must be followed in full.

4. USE OF PROBITY AUDITOR

In all cases where tenders are valued at an amount greater than \$250,000, consideration shall be given to the use of a probity auditor.

5. CONTRACT MANAGEMENT

Contracts are to be proactively managed during their lifecycle by the CRC employee responsible for the delivery of the contracted goods, services or works, to ensure CRC receives value for money and to enforce performance against the contract.

Where a contract extension or variation is required, a bilateral agreement must be completed, and the details updated in the Contract Register. The agreement must be signed by the Chief Executive Officer.

6. ENVIRONMENTAL PROCUREMENT POLICY

The CRC will consider the environmental impact in the procurement process when undertaking the purchase of goods and services and disposal of goods.

The governing principle for goods and services procurement is the achievement of value for money. However, when determining value for money, the environmental impact issues to be considered may include:

- Use of recycled or recovered materials;
- Product reusability;
- Product recyclability;
- Durability;
- Energy efficiency and consumption;
- Water efficiency;
- Waste prevention;
- End of life disposal method; and
- Environmental health issues.

7. ENVIRONMENTAL PURCHASING

Environmental purchasing generally refers to the inclusion of relevant environmental factors in any decision to procure goods and/or services to maintain the quality of the environment, conserve resources, minimise waste and protect human health.

The aim of considering environmental factors in procurement is to:

- Manage risks to the broader environment by procuring goods and services that have a reduced impact on the natural environment and human health compared with competing products or services that serve the same purpose.
- Promote the achievement of better value for money on a whole-of-life cycle basis.
- Foster the development of products and processes that have a positive environmental impact.
- Reduce costs for addressing the effects of environmental health impacts and pollution to the

community over the long term.

The focus of environmental purchasing may vary, depending on the nature of the goods or service being procured.

8. ENVIRONMENTAL PROCUREMENT AND VALUE FOR MONEY

Value for money is the core principle governing goods and services procurement. In this context, the lowest price is not necessarily an indicator of best value for money.

The environmental impact of a good or service is also a major consideration in the Value for Money Assessment.

Environmentally friendly products will usually involve reduced risks and more efficient use of energy, water and materials leading to lower costs, particularly on a whole of life basis. Therefore, even where an environmentally friendly product or service initially costs more than a conventional product or service, consideration of value for money requires purchasers to give due regard to the benefits obtained from good environmental performance.

It is also essential that the environmental impacts and/or value-add in all procurements are considered across the lifecycle of a product.

Value for money is assessed on a whole of life basis so that all costs and benefits across the procurement cycle can be adequately considered. For example, in the case of a good, the environmental impact should be assessed at each stage of production, use and disposal. Therefore, to ensure effective Value for Money decisions, the environmental assessment also needs to factor in the impacts and costs created when a product is used, particularly during the evaluation stage when comparing products. These costs electrical power, water, fuel and requirements for other consumables.

9. ENVIRONMENTAL CONSIDERATIONS IN CONTRACTING PROCESS

The level of effort expended to minimise the environmental impact of procurement should be commensurate with the nature of the purchase and should be applied in all phases of the procurement process as follows:

Contract Planning (pre-tender)

- Is the proposed purchase necessary?
- Identify and address environmental impact issues in all procurement plans.
- Develop specifications that give consideration to environmental standards, codes or legislation, where appropriate.
- Consider options for quotation and tender design, including selection criteria that provide positive advantage to goods, services and/or processes that minimise environmental impact.
- Consider options for quotation and tender design that provide positive advantage to innovative goods, services and/or processes that minimise environmental impact.
- Develop selection criteria that provide positive advantage to goods, services and/or processes that minimise environmental impact.
- Where appropriate consider quality assurance, environmental standards, codes or legislation for inclusion in specifications.

- Where appropriate, seek information from suppliers through the offer document on the environmental impact of goods, services and processes tendered (e.g. accreditation, practices, recycled content, durability and reuse options, hazardous material content, energy efficiency, waste prevention, water efficiency).
- Consider options for, and where appropriate specify methods for end of life disposal of product and/or packaging.

The Guidelines provided in:

- *The State Sustainability Strategy*; and
- *The State Supply Commission Environmental Purchasing Guide* may be accessed as appropriate to achieve the stated policy outcomes, operational and cost efficiency.

10. RECORD MANAGEMENT

Records of all purchasing activity must be retained in compliance with the *State Records Act 2000* (WA), CRC Records Management Policy and associated procedures.

REFERENCES

- The State Supply Commission has an extensive series of policies and guidelines that are available for use by local governments.
- The West Australian Local Government Association purchasing service negotiates contracts for the supply of goods and services for local government.
- The State Supply Commission and the Commonwealth Supply agencies also have contracts for the supply of goods and services that are accessible by local governments.
- All of the accessible supply contracts and the policies of WALGA and the State Supply Commission provide a framework for best practice procurement.
- The West Australian Local Government Association has produced a purchasing and tender guide that refers specifically to good procurement practices in reference to the *Local Government Act and Regulations*.
- Wherever possible and appropriate, the contracts and guidelines mentioned above will be used by the Catalina Regional Council following objectives for best practice and probity in all procurement activity.

LEGISLATION / LOCAL LAW REQUIREMENTS

Local Government Act 1995

Local Government (Functions and General) Regulations 1996 Part 4