

Procurement

Better Practice Guidelines (Procurement Processes and Documentation)

Title: Procurement Better Practice Guidelines (Procurement Processes and Documentation)

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Introduction

The *Financial Management Act 2016* provides for the management of the public finances of Tasmania in an economical, efficient and effective manner consistent with contemporary accounting standards and financial practices.

Treasurer's Instructions are issued under section 51 of the *Financial Management Act 2016* in respect of the principles, practices and procedures to be observed in the financial management of all agencies.

Better Practice Guidelines are intended to assist Accountable Authorities and responsible officers with their financial management responsibilities, in the area of procurement. The Guidelines should be read in conjunction with the Treasurer's Instructions.

This *Better Practice Guideline* provides information to assist in understanding Treasurer's Instructions PP-1 to PP-6, which set out the processes for procurement in Tasmania.

Further information, forms, templates, checklists and publications are available from the Purchasing website (www.purchasing.tas.gov.au) and the Tenders website (www.tenders.tas.gov.au). All queries in relation to the Treasurer's Instructions, this document and the website contents should be directed to purchasing@treasury.tas.gov.au (unless otherwise specified).

International Procurement Obligations

Tasmanian Government agencies are required to comply with procurement obligations set out in a number of international agreements. The *International Procurement Obligations* publication, available on the Purchasing website, sets out the mandatory requirements that relate to procurements covered by the international agreements. Please note that the *International Procurement Obligations* should be read in conjunction with the Treasurer's Instructions and *Better Practice Guidelines*, as they impose additional requirements agencies need to be aware of when undertaking covered procurements.

Valuation of procurement

Treasurer's Instruction PP-1 *Procurement Processes - Valuation* applies.

As different rules may apply to a procurement based on the estimated value, it is important that agencies estimate value as accurately as possible and document any assumptions or calculations to justify that estimate.

Where a procurement is by lease, rental or does not specify a total price, an acceptable (but not mandatory) method for valuing the procurement is:

- for a fixed-term contract where the term is 12 months or less, the total estimated contract value for the contract's duration;
- for a fixed-term contract where the term exceeds 12 months, the total estimated contract value including any estimated residual value payable at the end of the contract; or
- for a contract for an indefinite period or where there is doubt as to whether the contract is to be fixed-term, the estimated monthly instalment multiplied by 48.

Where the total maximum value of a contract over its entire duration cannot be estimated, a procurement is deemed to be a procurement to which the provisions of relevant international procurement agreements apply.

Thresholds referred to in the procurement Treasurer's Instructions are GST exclusive **except** where determining a value for international procurement agreement purposes. When determining whether an international procurement agreement applies, the estimated value of a procurement is to **include** any applicable taxes or charges, including GST.

Market Approaches

Treasurer's Instruction PP-2 *Procurement Processes - Market Approaches* applies.

Relevant factors to take into consideration when determining the appropriate process for approaching the market include:

- whether there are any relevant mandatory or optional whole of government common-use or whole of agency multi-use contracts;
- the available market and results of the market research undertaken;
- complexity and risk, for example, is industry input required to assist in identifying a solution meaning that a two stage process would be more suitable;
- the need for industry or supplier input;
- the Government's policies, for example supporting local business; supporting businesses that provide employment to persons with disabilities etc; and
- the impact of a particular approach on the market, for example processes that require suppliers to undertake undue effort to respond.

While the value of the procurement dictates the minimum market approach process that apply, agencies may choose to adopt an approach above this. Once a specific market approach is chosen, all relevant requirements that flow from that choice must be adopted.

Engagement of prequalified consultants

The options available when engaging prequalified building and construction / roads and bridges consultants, where the procurement is not a covered procurement or limited tendering does not apply, are:

- single submissions sourcing; or
- multiple submissions sourcing.

Single submission sourcing

A submission from a single consultant is the least resource intensive for both the agency and the supplier and this approach has been accepted by the consulting industry for projects with a capital value up to and including \$1 million (or a fee value up to and including \$100 000 where a capital value is not yet determined). This approach reduces the costs to both Government and the consulting industry, which are incurred through providing multiple submissions for projects that have a low capital value and consequently little scope for recovering these costs.

Before selecting a consultant, agencies should prepare a list of selection criteria framed to ensure a successful project. The following are typical criteria:

- expertise in the type of project proposed;
- ability to develop a brief;
- ability to develop functional requirements;
- technical and management skills;
- previous experience and track record;

- methodology and project control methods;
- time, cost and quality performance on previous projects;
- design approach;
- qualification, experience and availability of key personnel; and
- knowledge of the political, social and environmental issues.

In addition, agencies should identify an estimated fee for the proposed consultancy. If in-house expertise is not available, an independent expert should be engaged to provide advice on the estimated fee.

The decision to request a single submission and the procedures applied should be scrutinised by a senior officer within the agency who is not directly associated with the project. Agencies need to ensure the process is fair. For example, where there are equally suitable consultants for particular engagements, agencies should be mindful of not necessarily engaging the same consultant every time, but rather allowing other suitable consultants the opportunity to undertake the work.

Multiple submission sourcing

Multiple submission sourcing should be used where the commission is of significant value, (for example where the capital value of the project is greater than \$1 million or the fee value is in excess of \$100 000 where a capital value is not yet determined). To contain costs to industry, generally multiple submissions should be sought from three consultants only. However, a larger pool (including an open tender) may be conducted where it is considered necessary.

Multiple submission sourcing requires:

- that consultants making a submission will each develop a proposal to provide the required service; and
- the procuring agency to nominate a selection committee to assess the submissions.

This whole process is time consuming, costly and for the consultants other than the one selected, abortive work which adds to their overheads. Where the project is small and the potential fee is unable to absorb these additional overheads, consultants will generally not respond to invitations for multiple submissions. However, where the commission is of significant value, the advantages of multiple submissions outweigh any increased costs to both Government and the consulting industry.

To contain costs to the consulting industry, multiple submissions should normally be sought from three consultants only. The criteria referred to in the section on single submission sourcing are typically used in selecting the short list of consultants.

In establishing the basis for assessing proposals and selecting the preferred consultant, it is important that evaluation criteria are included in the commission brief. The basis of evaluation must be clearly defined and consistently applied. The following guidelines should be applied in determining the evaluation criteria, weighting(s) and evaluation methodology:

- criteria are derived from the project terms of reference;
- criteria are relevant;
- criteria are defined clearly to allow them to be applied consistently;
- criteria are identified before applying the weighting;

- weighting scales to be applied are defined; and
- the method of scoring is defined.

Potential conflicts of interest may occur where members of the selection panel have had previous experience with the consultants submitting proposals. It is therefore important to establish a strong element of independence on the selection committee to ensure that a consistent and impartial approach is taken.

Procurement valued at less than \$50 000

This market approach method does not apply to the engagement of prequalified consultants.

The appropriate market approach is discretionary. In determining the appropriate market approach method, agencies should consider:

- the type of goods or services required;
- availability of the required goods or services, including whether goods are of an off-the-shelf variety or will need some form of modification or adjustment for purpose;
- whether seeking quotes would increase value for money outcomes;
- timing restrictions;
- impact on suppliers;
- whether the goods or services are sold subject to acceptable standard terms and conditions; and
- the level of risk associated with the purchase and whether this can be managed by the agency.

The more common options an agency will use in these circumstances include direct selection of a supplier or seeking a suitable number of quotes.

All the mandatory requirements of the Treasurer's Instructions relating to procurement processes apply to these procurements, unless otherwise specifically excluded by the Treasurer's Instructions.

Procurement valued at less than \$250 000 (or \$500 000 for roads and bridges)

This market approach method does not apply to the engagement of prequalified consultants.

The minimum market approach is a quotation process, seeking at least three (3) quotes from suitable providers. Provided at least three suppliers are approached, agencies may proceed based on the received submissions regardless of how many respond.

For procurement at this value, agencies may also use an open tendering process, approach suppliers on a multi-use list or selective tendering in appropriate circumstances.

Procurement valued at \$250 000 or more (or \$500 000 for roads and bridges)

For procurement at this value, an open tendering process is required.

It is advisable that an open tendering process be used if an agency is uncertain of the value and there is a chance that the purchase may be greater than the open tendering threshold.

An open tendering process is a market approach that is open to all suppliers who wish to respond.

Single market approach

A single approach to the market is generally used where the agency has a good idea of its own requirements and is aware of the market. A notice calling for submissions is required to be published on the Tenders website (refer page 14).

Selective tendering

Multi-staged procurement (EOIs and RFPs)

Multi-staged procurement is generally used to gain market knowledge or industry input or to enable shortlisting of appropriately qualified suppliers.

- An expression of interest (EOI) is generally used when the information required is specific and the agency is unsure of the capability of suppliers to provide the required goods, services or works.
- A request for proposal (RFP) or request for information (RFI) are generally used when the project or requirement has been defined by the agency but an innovative or flexible solution is sought.

The first stage of either approach involves inviting suppliers who have the capacity to respond. A notice calling for EOIs or proposals is required to be published on the Tenders website. The second stage involves the responding suppliers being requested to submit a detailed bid. Shortlisting may occur between the first and second stage where the specific requirements set out in PP-2 *Procurement Processes - Market Approaches* are met.

A multi-stage purchasing process may be more costly and time-consuming for both suppliers and agencies. It should only be used where:

- the best way to meet the requirement is unclear;
- it reduces the cost to industry and the agency;
- it is considered appropriate to prequalify businesses and restrict the issue of formal open tenders (to reduce the cost of tendering);
- there are benefits which cannot be obtained by researching the market through conventional means; or
- maximum flexibility is required throughout the procurement process.

*Note: A Request for Information is **not** a procurement process. It is generally used at the planning stage of a project to assist with defining the project or requirement. It is*

only to be used to solicit information from suppliers that will assist in the development of the project or requirement and must not be used to select or identify a supplier. It cannot be used to limit those persons to approach with a Request for Tender. When using an RFI, issues relating to intellectual property and copyright must be clarified prior to using the information obtained to prepare any quotation or tender documentation. Crown Solicitor advice should be sought.

Establishing a Multi-use list

Where specific goods or services are acquired on a regular basis from a various range of suppliers, an agency may establish a multi-use list.

The process of establishing a multi-use list is not itself a procurement as a value for money assessment is not undertaken. Therefore, suppliers included on the multi-use list should not be engaged without some form of procurement process, which will include satisfying specified conditions for participation. Once established, when the goods or services provided for on the multi-use list need to be procured, agencies may use the multi-use list as a condition for participation in a quotation or open tendering process or as a means for selecting participants in a selective tendering process.

The multi-use list may include an unlimited number of suppliers and suppliers may be added either continuously or annually. The list may operate indefinitely and usually does not reference pricing.

When first advertised, agencies should request applications from at least two Tasmanian businesses. As the multi-use list will be used for multiple procurement processes, it is recommended that as many Tasmanian businesses as can be identified should be advised of the establishment of the multi-use list.

Multi-use lists differ from panel contracts. A panel contract is an arrangement under which a number of suppliers may each supply property or services to an agency as specified in the panel contract arrangements. A panel contract has a finite number of suppliers and operates for a finite period. Panel contracts are re-opened at the conclusion of their period. A panel contract usually provides a set or indicative price for the goods or services that can be obtained from it. A panel can be established through an open tender process or through a multi-staged purchasing process. In either case, panel members have been selected at the conclusion of a full evaluation process.

Limited tendering

Limited tendering occurs where an agency either negotiates directly with a single supplier (direct sourcing) or approaches a limited number of suppliers (limited submission sourcing). There are a number of circumstances where limited tendering may apply. Each has its own rules and restrictions.

While these alternative methods impact how the market is approached, unless otherwise stated below, all other requirements of the Treasurer's Instructions will continue to apply.

Limited tendering from businesses that provide employment to persons with disabilities

PP-2 Procurement Processes - Market Approaches (clauses 2.15 to 2.16) applies.

Agencies may choose to either seek quotations or purchase directly, at their discretion, from businesses that predominantly exist to provide the services of persons with a disability. The process undertaken should be consistent with the intent of the Government's procurement policies and the procurement principles. Where more than one business can meet an agency's requirements, agencies are encouraged to seek quotes from a number of suppliers to ensure that value for money is achieved.

Information in relation to Australian Disability Enterprises, including guidance on those operating in Tasmania, can be located on the [Buyability](#) website.

Note: In addition to the processes above, agencies may also facilitate purchasing from businesses that employ persons with disabilities by entering into an agreement to purchase goods and / or services from National Disability Services Ltd. NDS is the peak body for Australian Disability Enterprises. To facilitate purchasing from these businesses, the Department of Treasury and Finance has entered into a Head Deed with NDS. The Deed essentially operates as a non-mandatory whole of government common-use contract. Agencies may use the Statement of Work pursuant to the Deed to enter into an agreement to purchase goods or services (excluding building and construction) from NDS. NDS is then able to subcontract the work to one or more of the ADEs it represents. The statement of works for is available from at [Annex A](#) - Statement of Works.

Direct or Limited submission sourcing

PP-2 Procurement Processes - Market Approaches (clauses 2.18 - 2.19) applies.

Direct or limited submission sourcing processes should only be adopted following full and proper consideration. It should not be used for the purposes of avoiding the usual competitive procurement process. The circumstances rarely arise and approvals should be granted only where to do so is in the best interests of the State and where the proposed purchase will clearly achieve the best overall value for the money spent.

As with all Government procurements, agencies need to ensure that any direct or limited submission sourcing is undertaken in a manner that is consistent with the procurement principles. This is particularly important given the exclusive nature of direct or limited submission sourcing which lends itself to allegations of corruption. Accordingly, conflicts of interest or any other situation that may impinge, or might be deemed to impinge, on impartiality must be avoided at all times.

Any request for approval of direct or limited submission sourcing by an Accountable Authority should contain sufficient information to justify the use of a direct or limited submission sourcing process rather than the usual quotation or tender process, for example:

- details of the research undertaken to identify and justify that one or more of the direct/limited submission sourcing circumstances exists;
- evidence of value for money considerations;

- details of the identified supplier/s; and
- the estimated total value of the procurement.

When asserting sole supplier circumstances agencies should undertake market research. At a minimum, the research should include the Australian and New Zealand markets regardless of the value of the proposed procurement. In addition, where international procurement obligations apply, research should also include the market of all countries party to those agreements. Market research could include referral to industry specific articles and publications; databases and registers of suppliers and telephone directories; internet and other searches; and consultation with counterparts in other jurisdictions.

Alternative Buying Opportunities (multi-agency procurements)

In some cases, agencies may collectively procure. Alternative buying opportunities include:

- 'piggybacking'; and
- 'clustering'.

These buying opportunities use the standard market approaches referred to above to establish contracts that may be used by more than one agency.

Piggybacking

Another agency may have already conducted a procurement process and signed a contract with a supplier, a multi-use list or established a panel arrangement, to provide goods or services that are of interest to another agency. Provided the original procurement process and the established contract allow, it may be beneficial for the second agency to 'piggyback' off the original contract. However, care needs to be taken to ensure that value for money is still achieved.

There are certain requirements that apply before piggybacking is possible:

- the potential use of the arrangement by other agencies should have been specified at the start of the procurement process, so suppliers are aware of multi-agency use of goods and services;
- the terms of the contract should specify that there is potential use by other agencies and specifically allow for other agencies to back onto the contract; and
- the respective needs of agencies should be the same.

Clustering

Clusters are formed where more than one agency approaches the market with a single procurement request. This is a way of reducing costs and duplication when two or more agencies have the same procurement needs. In such cases, one of the agencies forming the cluster will take a leading role and undertake administrative tasks such as preparing the request for tender documentation, opening the tender, and finalising the resultant contract.

All agencies forming the cluster should be specified in the documentation at the start of the procurement process, and they should also be detailed in the terms and conditions of the resultant contract.

There should be no difference in the nature of goods or services being procured by each agency.

Building and construction / roads and bridges consultancies additional guidance

Regardless of whether consultants are prequalified or not, in addition to the mandatory requirements contained in Treasurer's Instruction PP-5 *Procurement Processes - Engagement of Civil and Civic Consultants* and the information above, agencies should have reference to the *Procurement Practices Manual - Best Practice for the Engagement of Consultants (Civil and Civic) (PPM)*, located on the [Purchasing website](#) for guidance information relating to:

- when consultants may be required;
- agency and consultant relationship;
- fees levels and quality of services; and
- developing the commission brief, brief contents and commission contracts.

Publishing procurement notices on the Tenders website

Treasurer's Instruction PP-2 Procurement Processes - Market Approaches (clause 2.20) applies.

A notice may be placed on the Tenders website through the publication of an Open for Bids or New Tender Notice. Once approved by an agency's Administrator, the notice is published on a Saturday (to be designated by the agency).

At publication, system generated emails are sent to suppliers registered with Tenders, alerting them to relevant opportunities in the categories for which they have registered.

Agencies may, at their discretion, place advertisements in local, interstate and overseas newspapers or journals. Where this occurs, the same information is to be included in the paper advertisement as is available online. The Tenders website may be used to automate placement of advertisements in the key major Tasmanian newspapers.

Information on notice requirements is available from the *Agency User Manual – Tasmanian Government Online* (only available from the [Tenders website](#) with an agency login). The Tenders System Analyst is also available to provide advice, guidance, training and additional information and may be contacted on phone 03 6166 4100 or by email at tenders@treasury.tas.gov.au.

Pre-procurement processes

Pre-procurement activity

Prior to commencing a procurement, an agency should:

- establish the business need and specify what is to be purchased;
- undertake market research to identify solutions and an estimate of cost;
- identify potential suppliers including potential local suppliers;
- consider whether a business case or a risk analysis will be required;
- determine whether international procurement obligations will be triggered by the purchase;
- determine who will be responsible for the various components of the procurement process, for example the development of the specification, the evaluation of responses and eventual contract management;
- identify relevant applicable procurement rules and requirements including any agency specific requirements;
- consider whether a formal procurement plan will be required (a Procurement Plan template can be located on the [Purchasing website](#));
- estimate the value of the procurement and identify an appropriate procurement strategy, for example are there any whole-of-government common-use contracts that must be used; can an Australian Disability Enterprise provide the goods or services; will selective tendering be of use; is approval for limited tendering required or are there any alternative buying opportunities available;
- where appropriate, establish an evaluation committee; and
- prepare the procurement documentation.

Prior to advertising the procurement or issuing the documentation, an agency should ensure:

- that the accuracy and completeness of procurement documents have been checked prior to advertising or releasing the documents; and
- sufficient complete sets of procurement documents (specifications, drawings, Bills of Quantities etc.) are available for distribution, if the documents are not being distributed electronically.

For building and construction projects, the agency should also ensure:

- agency officers are aware of the roles and responsibilities of the various participants in construction projects;
- for relevant projects, approval has been sought from the Parliamentary Standing Committee on Public Works;
- it has possession of the site and that all relevant Local Government planning and State and Federal legislative requirements have been satisfied;
- where the site is not owned by the Crown, the building owner's consent has been obtained; and

- whether the project site is in the Tasmanian Heritage Register and the requirements of the Historical Cultural Heritage Act 1995 are met.

Establishing an evaluation committee

An evaluation committee is responsible for:

- evaluating offers in accordance with the conditions for participation, evaluation criteria and pre-determined evaluation methodology (generally set out in a procurement plan);
- documenting the evaluation process;
- preparing and endorsing an evaluation report;
- seeking approval from the agency Procurement Review Committee (where required) and final approval to proceed with a contract with the preferred supplier from the appropriate authorised officer within the agency; and
- debriefing unsuccessful suppliers.

The Chairperson of the committee is generally be responsible for:

- ensuring that committee members are aware of necessary procurement rules and processes and their responsibilities, including those relating to declaring conflicts of interest, confidentiality of information received and security of documentation;
- managing the elevation and decision-making process;
- maintaining and promoting probity in the procurement process; and
- preparing the recommendation report and report to the agency's Procurement Review Committee (where appropriate).

The committee should have the appropriate mix of technical and practical knowledge and skills to ensure that the procurement results in the best outcome for government. This will often include the person(s) who are responsible for preparing the specification and the person(s) who will be responsible for administering the contract - to enable identification and assessment of the risks associated with the purchase.

In appropriate circumstances, it might be prudent to include people with relevant skills in the following areas:

- technical analysis (for example for scientific or IT purchases);
- financial assessment;
- probity; and
- law.

If expertise is not available within the agency, it may be necessary to seek specialist advice to assist with the evaluation process.

The evaluation committee should consider developing a plan to guide and assist in the evaluation of submissions. A template procurement plan can be located on the [Purchasing website](#). The plan should outline conditions for participation, evaluation criteria, evaluation methodology and committee member responsibilities.

A well-prepared plan ensures:

- probity in the evaluation process;
- the selection of the best value for money offer; and
- a result that can be justified.

Procurement documentation

Treasurer's Instructions PP-3 Procurement Processes - Goods and Services Procurement; PP-4 Procurement Processes - Works Procurement; PP-5 Procurement Processes - Engagement of Civil and Civic Consultants apply.

The procurement documents are the basis of the contract between the Crown and the successful supplier. They should reflect the physical, financial, contractual and time parameters of the service required. The documentation should include:

- all information necessary to enable potential suppliers to prepare appropriate submissions;
- relevant terms and conditions;
- details of applicable Government policies;
- a clear description of the purchasing requirement;
- any required performance measures;
- delivery requirements; and
- and any mandatory clauses required by the Treasurer's Instructions specifically or Government policy generally.

The documentation will generally consist of:

- Conditions of quotation or tender - for example, the conditions upon which the agency is prepared to receive and evaluate offers, including any conditions for participation, evaluation criteria and weightings as well as information on relevant Government policies and advice on the closing date, time and place of lodgement and agency contact details etc;
- Specification - a comprehensive description of the agency's requirements including the functional and technical requirements;
- Conditions of contract - the terms of the contract by which the successful supplier and the agency will be bound;
- Local SME Industry Impact Statement - details the direct local impact businesses will have on the local economy; and
- Tender or Quotation response forms - response schedules that detail information to be provided, including a summary of costs where appropriate.

The Specification

The specification describes the essential requirements of the goods, works or services being purchased. Its purpose is to communicate the agency's requirements to potential suppliers, guide supplier responses and help the agency to evaluate offers by providing a basis for comparability.

There are three main approaches to the content of a specification:

- a technical approach - physical characteristics, types of materials, size etc;
- a functional approach - outlines the outcomes required; and
- a performance based approach - details the performance required but not the methods required to achieve same.

For most procurements, the second and third approach will enable suppliers to put forward innovative and potentially cost-effective solutions to meet agency requirements rather than restricting the supplier to solutions that may not achieve the best outcome for the agency.

Tips

- Identify relevant value for money considerations - the specification must address value for money.
- Consult with users to determine their needs, including whole-of-life requirements, for example, servicing, maintenance and possible future upgrades or enhancements.
- Draw on the experience of others - refer to previous specifications or request copies of specifications prepared by other agencies.
- Write the specification:
 - describe user requirements in terms of outputs, functional and performance characteristics (including quantity, quality and timelines).
 - use open and generic specifications - where brand names or trademarks are used in order to precisely or intelligibly describe the procurement requirements, words such as "or equivalent" should be included in the specification;
 - ensure that the requirements are clear, accurate and complete and do not unintentionally preclude local businesses from bidding;
 - do not include unnecessary features;
 - write in plain English - the specification should be easy to read and understand;
 - clearly indicate which requirements are mandatory;
 - number each clause so that the suppliers can easily identify any requirements; and
 - refer suppliers to the evaluation criteria so that they understand how their offer will be assessed and can focus their response accordingly.
- Determine the evaluation criteria. Make sure that the evaluation criteria will enable you to determine whether the requirements of the specification have been met and how well. Clarify the requirements, if necessary.
- Get users and other stakeholders to review the specification to confirm that it meets their needs.
- For complex or highly technical requirements, external technical expertise may be required. Where this is to occur, ensure that:
 - the specification is not biased towards the company or consultant that supplied the assistance;
 - other businesses are given sufficient time to gain an equal understanding of the requirement; and
 - the company's involvement in preparing the specification is disclosed.

The content and structure of the specification will depend upon the nature and complexity of the requirement. Users of the goods, works or services and the evaluation committee should be involved in developing the specification.

A poor specification may result in the product or service not being delivered as required; offers from unsuitable suppliers or no offers because the department's requirements are unclear; the need to issue addenda clarifying the specification to potential tenderers during the tender process; and contract variations. Therefore, sufficient time should be provided for in the procurement planning process for this step to occur.

Conditions for participation

Conditions for participation are the minimum mandatory conditions that potential suppliers must meet in order for their submission to be considered. Examples of possible conditions for participation include prequalification or pre-registration requirements, required licences, professional accreditations or registrations.

The conditions for participation should be clearly marked as mandatory and the procurement documentation should clearly indicate that a failure to comply with the requirements will eliminate the supplier from further consideration.

Conditions for participation are assessed as either being 'met' or 'not met' in the first stage of evaluation of their submission. Non-conformity or non-compliance will eliminate a supplier from further consideration. Therefore, it is important to carefully consider what, if any, conditions should be included. Only submissions that comply move on to the evaluation stage.

Evaluation requirements

Evaluation criteria

Evaluation criteria provide a mechanism for comparing offers through assessment of the relative worth of different submissions. Generally, the evaluation criteria will address:

- the capability of the bidder to fulfil the requirement;
- technical and management competence;
- financial viability;
- relevant skills, experience and availability of key personnel;
- compliance with contractual terms and conditions;
- the technical merit of the goods or services offered;
- whole-of-life costs;
- the risks or constraints associated with the offer; and
- mandatory inclusions such as local SME industry impact.

It is important that the information requested from suppliers is sufficient to enable proper evaluation and comparison of submissions. To achieve best value for money, where possible, all out-of-pocket and incidental expenses should be included in the quotation/tender price, otherwise these can quickly grow to outweigh the benefits, particularly with such expenses as airfares, accommodation and meals. It is therefore useful to request that the information be provided by suppliers in a Quotation or Tender Response Form to ensure that the information provided by each supplier is

complete and provided in a consistent, organised format, which will assist in the evaluation process. For example, specifying responses be based on hourly/daily rates, setting rates for other expenses¹ will enable evaluation panels to easily align and compare offers received. Further guidance information is available in the publication *Guide for evaluating fees when engaging consultants or contractors*, available on the [Purchasing website](#).

The evaluation criteria should not change once the procurement documents are issued. If they are, then addenda must be issued advising suppliers of the change. The criteria cannot be changed once submissions are received/opened.

Evaluation methodology

The evaluation methodology should be determined at the same time that the evaluation criteria are developed. It should be documented and, as for the evaluation criteria, it cannot be changed once submissions are received. Three common evaluation methodologies are provided below.

Least cost methodology

The "least cost" methodology is useful for simple low-cost purchases. It simply involves selecting the lowest price response that meets all of the essential conditions.

Numerical scoring methodology

This methodology is useful for evaluating moderately complex purchases where each of the qualitative (non-cost) evaluation criteria are of equal importance.

A numerical rating is allocated against each qualitative (non-cost) evaluation criterion depending on the supplier's level of compliance (note that cost is not scored, but is considered as part of the value for money assessment). The scores are totalled and a value for money assessment is then made comparing the total scores, whole-of-life costs and associated risks.

Weighted scoring methodology

This methodology is useful for evaluating purchases where the evaluation criteria are of differing importance. It is the preferred method for most procurement processes. Each evaluation criterion is allocated a percentage weighting - adding up to a total of 100 per cent. Care needs to be taken to assign meaningful relative weightings.

Upon receipt of submissions, after screening out those offers that do not comply with the conditions for participation, each qualitative criterion is allocated a score. The score is then weighted, which is calculated by multiplying the weighting factor by the score. The weighted scores can then be totalled, allowing for comparison between offers.

For major works building and construction works projects it is recommended that the evaluation assessment be in accordance with the publication, [Guidelines for Tender Evaluation Using Weighted Criteria](#). This method can also be used for appropriate minor works projects.

¹ For example, stipulating the use of the standard public sector allowance rates for travel expenses

Formal request documentation

The Office of the Crown Solicitor (OCS) has prepared and issued template procurement documentation together with a number of stand-alone contracts, for use in a variety of different procurement categories. These documents are available on the [Purchasing website](#).

For building and construction roads and bridges works procurement, use of the OCS template documentation is generally mandatory unless the conditions set out in Treasurer's Instruction PP-4, clause 4.24, are met. For all other procurement, use of the OCS templates is strongly encouraged especially where an agency is procuring goods or services that may be high risk or otherwise complicated. Where templates are used and amended, OCS advice should be sought. Note: individual components of the OCS templates are interdependent and as such, should not be used in isolation without first seeking OCS advice.

Where the templates are not used or are not available, agencies are encouraged to involve the OCS in the preparation of appropriate documentation.

Where the Conditions for Tender and Conditions of Contracts are required to be approved by the OCS, the requirement for OCS approval is met if the templates are used without material amendments. Where the templates are used but materially amended, the documents are to be submitted to the OCS for approval.

Any queries in relation to the templates are to be referred to the OCS.

Contract documentation

Where Australian Standards are used as the basis for a contract, agencies are to ensure compliance with all licencing requirements in relation to the purchase and use of those Standards. Australian Standards are obtained from [SAI Global](#).

Government Information Technology Contract

GITC Order forms for purchases under a GITC Head Agreement can be found [here](#).

There are 10 specific IT modules (listed below) to which the GITC relates:

- Hardware Acquisition and Installation;
- Hardware Maintenance;
- Software Licensing;
- Software Development and Modification;
- Software Support;
- Systems Integration;
- Data Conversion and Migration;
- Packaged Software Licensing;
- Access Services; and
- Facilities Management Services.

Products falling outside these modules do not need to be purchased under a GITC. Purchases such as subscriptions to tenderlink, Survey Monkey and registration on eBay etc, would not fall within

these modules. However, the purchase of online software such as training software generally would. If in doubt, the Treasury GITC contact officer should be approached for guidance at GITC.applications@treasury.tas.gov.au or commonuse.contracts@treasury.tas.gov.au.

Minor works

Valued at less than \$50 000

For minor works with a value less than \$50 000 it is recommended that *Australian Standard AS 4905-2002, Minor Works Conditions* be used, where appropriate.

Valued at \$50 000 or more

For projects where *AS 4905-2002* is not appropriate, agencies should liaise with the OCS ensure that the contract reflects the Government's requirements.

Use of AS 4905-2002

The OCS has prepared a *Guide to the Completion of Annexures to AS 4905-2002* that agencies should reference to assist in the completion of *AS 4905-2002* contract documentation where this Australian Standard used. This document is available from agency Procurement Reference Group members.

Major works

For projects where *AS 2124-1992* is not used, agencies should liaise with the OCS to ensure that the contract reflects the Government's requirements.

Use of AS 2124-1992

The OCS has prepared a *Guide to the Completion of Annexures to AS 2124-1992* that should be used to assist in completion of the contract documentation where the Australian Standard is required to be used. This document is available from agency Procurement Reference Group members.

In addition, Standards Australia has produced the *General Conditions of Contract AS 2124-1992 User Guide SAA HB 42-1992*. All parties involved in the contract, as well as agency project managers, should familiarise themselves with this document.

Specific clause inclusions

Mandatory inclusions

Mandatory clause inclusions are set out in the Treasurer's Instructions. In the majority of cases, relevant clauses are contained in the OCS template document. Where the template documentation is not used or a required clause is not included (because it may only be applicable in certain cases), advice should be sought from the OCS.

Information in relation to some of the mandatory clause inclusions is set out below.

Dumped goods clauses

Dumped goods are goods from overseas that are imported into Australia at less than their normal value and that may cause injury to an Australian industry producing similar goods, or hinder the establishment of an Australian industry.

Dumped goods, and goods that are suspected of being dumped and are under investigation by the Australian Government's Anti-Dumping Commission, can be identified by referring to the [Australian Government Anti-Dumping Commission website](#).

Professional Standards Act clauses

Under the *Professional Standards Act 2005*, approved occupational associations can limit the professional liability of their members. These limits (a liability cap) will override contract provisions relating to professional liability. Further, where a limitation on liability comes into existence in the future, it will apply retrospectively to contracts signed prior to its existence.

To preserve the integrity of the Crown's position in relation to professional liability requirements in contracts, clauses waiving rights in respect of any future scheme and allowing for a higher level of liability that would otherwise apply (where allowed for under a scheme in force under the Act), should be included in appropriate contracts.

Where the impact is not clear, advice should be sought from the OCS.

Zero tolerance towards violence against any persons in the workplace clauses

The Tasmanian Government has a position of zero tolerance towards violence against women under the Safe Homes, Safe Families, Tasmania's Family Violence Action Plan. In support of agency White Ribbon Workplace Accreditation, government procurement and contract documents must contain specific clauses supporting the Government's position. These clauses set expectations with respect to the behaviour of contractors providing works and services.

An information sheet for contractors is available on the [Purchasing website](#).

Disclosure and confidentiality clauses

Clauses that set out the Government's position on confidentiality or which allow for publication or disclosure of contract information are required. Clauses that allow for disclosure of contract information will be particularly important where an exemption has been approved from the standard non-confidentiality requirements. It will still be necessary for details of the contract and supplier to be published on the Tenders website and in agency annual reports.

Information on confidentiality is contained in Treasurer's Instruction C-1 *Contracts - Disclosure and Confidentiality in Government Contracts* and the associated *Contracts Better Practice Guideline*.

Additional inclusions - general

In addition to the mandatory clause inclusions, the following clauses are often included in OCS templates and where they are not, may be considered for inclusion by agencies, where relevant:

- for building and construction / roads and bridges works procurement, clauses setting out:
 - the requirement to provide a current certified copy of Third Party Quality Assurance (Occupational Health and Safety), or to complete a Workplace Health and Safety (WHS) Contractor Management System Questionnaire, whichever is appropriate;
 - information on the Tasmanian Government's asbestos requirements; and
 - information relating to security of payment and the *Building and Construction Industry Security of Payment Act 2009*.

Further, it is usual that a provision is included in the procurement documentation that tenders or offers remain valid for either 60 or 90 days from the closing time of the procurement.

National Prequalification System for Non-residential Building clauses

For procurement where prequalified suppliers under the National Prequalification System for Non-residential Building are required to be used, the following clauses should be included in the procurement documentation and contract to protect the Crown's position and to ensure that the engagement of the supplier meets the required Tasmanian Government policy requirements:

- a requirement for contractors to lodge with their submission either a copy of their NPS certificate of approval OR a copy of their Mutual Recognition NPS certificate of approval. Agencies should confirm the accuracy and currency of the prequalification information provided by contractors with Treasury prior to finalising the tender evaluation;
- advice that financial capacity assessments should be provided prior to finalising the selection process. In this regard, the preferred contractor should provide information (or any external consultant engaged by the agency in relation to the financial assessment) to enable this assessment to occur in a timely manner. If the financial assessment is not satisfactory, the documentation should reserve a right for the agency to move to the second ranked supplier and undertake a similar financial assessment;
- advice that evidence of TasBuild registration should be provided to the agency prior to commencement of works;
- advice that performance reports will be prepared during the currency of the contract and may be provided to other Tasmanian Government entities as well as to other jurisdictions participating in the NPS. The NPS Guidelines provide that once prequalified, a NPS contractor's details, including its performance on specific contracts, may be shared with other jurisdictions participating in the NPS as well as with other government agencies. The submission of the NPS application authorises any participating agency to gather, monitor and communicate to other participating jurisdictions, information about the contractor's financial position and its performance; and
- information relating to the applicability of relevant legislation. For example, the *Building and Construction Industry Security of Payment Act 2009*, the *Building Act 2000*, the *Construction Industry (Long Service) Act 1997* and legislation relating to workplace health and safety requirements.

Procurement processes

General

Tendering can be costly for the Government, contractors and suppliers in terms of time, resources and money. Therefore, before commencing the process it is important to have a firm intention to proceed, with funds committed and available. Procurement processes should not be used as a means of validating an estimating process.

Re-tendering, where a process has not resulted in expected outcomes, should be avoided unless the specification is substantially amended or a substantial period has elapsed since responses were initially invited. Re-tendering *may* be appropriate where qualifications put forward by suppliers suggest a major inadequacy in the documentation or where there is significant suspicion or evidence of collusive tendering practices.

Note: Government has an agreement with the building and construction industry that projects will not be re-tendered within three months of the original tenders having been called.

Period of time allowed for lodgement of submissions

The time provided for suppliers to submit a response should depend on the nature, value and complexity of the procurement but should be sufficient to enable suppliers to prepare appropriate submissions in response to the market approach.

Suppliers intending to lodge a submission will be required to understand all matters relating to the proposed contract, including on some occasions, inspection of sites and attendance at pre-tender briefings. They may also, for complex procurements, need to form partnerships or consortia with other suppliers in order to fulfil the requirements. All these matters should be factored into determining the appropriate time periods for lodgement of responses.

Dependent on the complexity of the procurement, an agency should consider providing:

- 18 days for procurements with a value of less than \$1 million; and
- 25 days for procurements with a value of \$1 million or more.

The impact of public holidays and holiday periods, for example Christmas and Easter, should also be taken into consideration in setting dates for procurements and agencies are encouraged to consult with relevant industries if responses may be impacted by the anticipated opening or closing dates.

The designated closing date should not normally be extended once the procurement has commenced. However, if the number of suppliers is likely to be significantly reduced due to an insufficient period being originally set, consideration should be given to extending the closing date. Generally, agencies should not accept a request by a single supplier for an extension.

Inviting submissions

Quotations / limited submission sourcing and multiple submissions

Copies of the procurement documentation should be sent directly to identified businesses. This may include, for example:

- the current provider;
- businesses that have been identified during the market research phase;
- businesses that have expressed an interest in supplying the good or service; and
- other known local businesses.

Details of suppliers issued with documentation should be recorded in an appropriate manner. This enables the identification of suppliers should addenda or amendment to the original documentation be required.

Open tendering

In addition to the requirement to publicly advertise or publish open tendering opportunities (refer page 14), copies of the procurement documentation may be issued directly to identified businesses (as above) at the time the procurement is advertised.

The documentation cannot be released prior to the publication of the opportunity on the website.

Briefings

Briefing meetings (held during the procurement period) may be called for important contracts. Where this is to occur, the procurement documentation should provide details of the meetings.

The objective of the briefing is to clarify any uncertainties that suppliers may have relating to the procurement or the documents. The information given at these briefing should refer to the procurement documents and must not be in conflict with or additional to them. All questions from suppliers for clarification of any aspect procurement or documents are to be formally recorded at the briefing and made available to all present. Questions should be answered by referring to relevant clauses in the documentation.

The minutes of the briefing should be forwarded to all suppliers who have received or downloaded the procurement documentation (regardless of whether they have attended the briefing or not) and should become a part of the procurement documentation. Questions, which cannot be answered at the briefing, should be taken on notice. All suppliers should be given written answers to the questions and a full written record of the briefing be made available prior to closing the procurement (at least one week is suggested). The distribution should include agency nominated subcontractors (if any) whether or not they were present at the site inspection or briefing. Any alterations, deletions or additions to the procurement documents found necessary as a result of the briefing are to be advised separately by the issue of an addendum.

The briefing is to be conducted in such a way that no supplier is disadvantaged against any other.

All parties at the briefing should be required to provide their name, organisation and signature on an attendance sheet and all briefing should be minuted.

Similar processes should be adopted for site inspections.

Clarification of Procurement Documents

Suppliers may ask for clarification of information in procurement documents. However, agencies cannot give information to any supplier that is also not promptly conveyed to all other tenderers.

All inquiries should be recorded by the Contact Officer, noting time and date of receipt and the issue discussed. Where possible, it is advisable to request that questions be put in writing (email or facsimile will suffice). Responses should be provided in the same manner. Information provided should be limited to clarification of procedural issues or documentation and questions that are covered by the documents should be answered by reference to the relevant clauses. Only when further clarification is necessary should any explanation be given. Any explanation is to be promptly given by way of an addendum to all suppliers.

Where significant errors, ambiguities or discrepancies are revealed, the information provided should be promptly conveyed, by addendum, to all suppliers.

Issuing addenda

After procurement documentation has issued, amendments to the procurement documents could include:

- the correction of errors or conflicts in the documents that may affect interpretation;
- amendments to the extent and nature of the work (ie the specifications); and
- amendments to protect the Crown's interest in the subsequent administration of the contract.

When issuing addenda it is important to identify all potential suppliers who may have been issued with the documentation. Where documentation has been issued via the Tenders website, information on suppliers who have downloaded the documentation from the website can be obtained from the Treasury Tenders System Administrator on phone 03 6166 4100 or by email to tenders@treasury.tas.gov.au.

Each addendum issued should:

- state that it will be incorporated in the procurement documents;
- be numbered or otherwise readily identifiable; and
- precisely define and describe the alterations, additions or deletions required, with reference to the appropriate elements in the original documents.

Where addenda are to be issued for documents that include a Schedule of Rates, it should also detail the necessary quantity or description changes.

For design and construction procurement, where an addendum results in a substantial change and is issued with less than three to four weeks remaining to the closing date for submissions, an extension should be provided. A 'substantial change' means a change that would require the supplier to re-work their submission or pricing. For other procurements:

- where addenda result in a substantial change and is issued with less than five working days remaining to the closing date, agencies should consider an extension to the closing date; and
- agencies should consider extending the closing date for submissions where it would be fair and equitable to do so and where a failure to do so may result in fewer responses or significant inconvenience to suppliers. Information on any extension of the closing date and time for the procurement should be included in the addenda.

All potential suppliers should be requested to confirm receipt of the addenda in their submission. When responses are received, agencies should check that has occurred.

Receipt and Opening of submissions

The process for opening of submissions is a matter for the agency. However, it is recommended that:

- more than one person be present for the opening of submissions;
- details of the submissions received should be recorded;
- advice from suppliers who have declined to submit a quote or tender (where specifically approached for a response) should be documented; and
- all responses received be marked with the time and date of receipt and recorded in an appropriate schedule or register.

A tender box opening example template is available at [Annex B - Tender box opening form](#).

When opening an electronic "tender box" such as the lodgement facility on the Tenders website, the steps set out in the *Agency User Manual – Tasmanian Government Online* (only available from the [Tenders website](#) with an agency login) should be followed.

Agencies should ensure that documents are securely stored for the remainder of the process.

It is good practice to advise suppliers that their submission has been received.

Facilities for lodgement of submissions (including electronic options)

The facilities used for lodgement of submissions is a matter for the agency to determine ensuring all requirements in relation to handling and confidentiality can be met.

At least one electronic submission option is required by the Treasurer's Instructions. Electronic options may include the use of the Tenders website electronic lodgement functionality or a secure email address. When the Tenders website has been used to advertise a procurement process, the Tenders website electronic lodgement functionality is generally the preferred electronic option. However, this is a matter for the agency to consider based on the procurement itself.

Where email is used:

- the facility should be secure;
- access to the submissions should be controllable to prevent compromising security of responses and to protect confidentiality; and
- access should be auditable and documented.

It should not be possible for anyone other than the supplier to know the details of the offer before the procurement is closed.

Late submissions

The treatment of late tenders should be considered by the evaluation committee at the planning stage, documented in a procurement plan (if used) and in the procurement documentation.

Evaluating submissions

Alternative offers

An alternative offer is a response to a request for quote or tender that proposes a different means or way of meeting the agency's requirements than that specified in the procurement documentation. Alternative offers may sometimes be allowed by an agency in order to ensure the most effective solution is identified and encourages innovation. If allowing alternative offers is being considered, agencies should consult with the OCS.

Evaluation process

The following indicates the usual steps in the evaluation process.

Preliminary assessment of responses

An assessment of all submissions to determine whether they are compliant. A compliant tender is one that meets the conditions of the procurement and complies with all mandatory requirements or conditions for participation.

For building and construction, the assessment may include a review of the schedules required to be submitted to determine whether they are in conformity with the tender documents.

Seeking clarification

It may be necessary to seek clarification from a supplier if a submission is unclear or contradictory. However, allowing a supplier to provide clarification does not mean that suppliers can revise their original submission. Any clarification sought and the response should be fully documented.

Suppliers should not be made aware of an agency's estimate or other supplier's prices during any stage of the evaluation phase.

Shortlisting submissions

This step is not necessary for many purchases. It is sometimes useful for complex purchases in order to eliminate offers that are clearly not competitive and will not provide value for money when compared to the other offers². Unlike when eliminating for non-compliance, these eliminated offers are not totally rejected, and may be re-visited later in the evaluation process.

² This is a different process to the shortlisting used in selective tendering processes such as an EOI or a RFP.

In order to shortlist submissions, the criteria used must be applied fairly and equitably to all offers. Reservation of the agency's right to shortlist should be included in the procurement documentation. Shortlisting should be fully documented.

Request formal presentations

If appropriate, and suppliers have been advised that this may occur in the procurement documentation, suppliers may be requested to make a formal presentation to the evaluation committee. The supplier should not introduce new or revised information during presentations, and all questions and answers should be formally recorded.

Evaluate criteria

This stage involves a detailed analysis of each offer against the evaluation criteria and weightings specified in the procurement documentation for those submissions that remain after the elimination of non-compliant responses.

It is useful to use an evaluation matrix to compare scores against each of the non-cost or qualitative evaluation criteria for each compliant submission. In assessing a response it is important to remember that suppliers should demonstrate that they meet the evaluation criteria - not just assert it. Example matrices are available at [Annex C and D](#) and an example scoring matrix is available at [Annex E](#).

For submissions that include a schedule of rates, the calculations relating to all rates and extended amounts submitted by suppliers should be checked for accuracy. Changes to rates or prices should not occur. However, if there are errors in calculations, these may be corrected and a revised total amount calculated and shown. The revised total should be used in the review and the supplier advised.

When obtaining referee reports the information should be used for clarification purposes only, not as the basis for a new judgment. All discussions with referees should be documented in full.

For building and construction / roads and bridges projects, where there is a considerable variation between the project estimate and the prices submitted by suppliers, the matter may need to be referred to the quantity estimator for advice.

Comparative evaluation

Using the results from the evaluation of criteria, a comparative analysis can be undertaken.

Write the evaluation report

On completion of the evaluation process, the selection should be documented in an evaluation report. All members of the Evaluation Committee should sign the report. The report should include a comprehensive record of the evaluation method and the rationale used to select the preferred supplier.

The format and content of the evaluation report is dependent upon the complexity and nature of the purchase. A template example evaluation report can be located on the [Purchasing website](#).

If there has been a long delay in evaluation (for example, beyond the period of validity set out in the procurement documentation), the recommended supplier should be requested to confirm that their offer still stands. If the offer no longer stands then the supplier should be requested to formally withdraw their offer.

Withdrawal of an offer

If an offer is withdrawn, there must be a clear and unequivocal statement that it has been withdrawn. The statement of withdrawal should be in writing from the supplier.

If, during the evaluation, an offer is withdrawn or revoked at any time prior to acceptance, then the evaluation should be recalculated with all scores and calculations attributed to the withdrawn offer removed.

Financial assessments of prequalified suppliers

Agencies should ensure that a contractor remains financially viable prior to awarding a contract by undertaking a review prior to the award of contract, because prequalification may have occurred years before the proposed engagement of the supplier. This recommendation applies to the Treasury prequalification scheme and the National Prequalification System for Non-residential Building (NPS).

Awarding contracts

Contract formation

Following approval of the procurement process by an agency's Procurement Review Committee (where necessary) and approval of the recommendation to appoint the preferred supplier, agencies may advise the supplier of their success. Depending on the complexity, value, type of good or service being purchased and the procurement process adopted, a contract may be formed by:

- issuing a letter of acceptance;
- issuing a purchase order; or
- using a more formal agreement, including specified Conditions of Contract.

Where a letter of acceptance is used, the letter should:

- include appropriate identifying information, for example a contract number, file number, contract title;
- refer to the original offer submitted by the supplier;
- include any necessary obligations arising from the supplier's local SME industry impact statement;
- list any post-offer correspondence that forms part of the contract, for example conditions relevant to the submission or specification requirements; and
- name a contact or contract management officer.

Due diligence

Due diligence occurs during the contract negotiation stage and allows both parties to test their expectations and understanding of the contract requirements and resolve any misunderstandings. This step would usually only be required for complex, non-routine or large contracts.

Contract negotiations with the preferred supplier

For complex or high value purchases, it may be necessary to enter into negotiations prior to finalising the contract. The OCS may need to be involved, especially where changes to the OCS template contracts are requested. Suppliers should be advised in procurement documentation of the possibility of negotiations to settle contract terms with the preferred supplier.

Where negotiations are undertaken with the preferred supplier on the contract, the negotiation process and outcomes should be clearly documented and reflected in the eventual contract.

Verifying a contractor's legal status

When submitting an offer, some contractors may use a name, for example a business name, which is not the name of a legal entity. Care should be taken to ensure that contracts are awarded only to recognised legal entities. The trading name or registered business name of a business should only be used to help eliminate duplication and for cross-referencing purposes. A trading or registered business name should not be used as the sole means of identifying the principal(s) of a business for contract purposes.

Advising unsuccessful suppliers and debriefing

As well as providing the name and the total value of the successful offer, advice to unsuccessful suppliers should also include an offer to debrief, along with details of an appropriate contact officer which can help facilitate this process.

Where a multi-staged purchasing process is used, for example where EOIs are used to short-list suppliers, it is best practice for those not short-listed or placed on a multi-use list to also be advised that they have been unsuccessful and offered a debrief.

Debriefing

The objective of the debriefing session is to help unsuccessful suppliers submit more competitive bids going forward. The debrief should examine areas of non-compliance and areas for improvement.

The team conducting the debriefing interview should include at least two people and at least one of these should be a member of the evaluation committee relevant to the procurement. Prior to the debriefing interview, the debriefing team should familiarise itself with the offer and the reason the supplier was not successful. It should also identify the strengths and weaknesses of the offer.

The debriefing interview is an opportunity for suppliers to learn how to improve their offer preparation skills. The debriefing interview should not be used to justify the selection of the successful supplier. Discussion at the debriefing should be limited to the supplier's offer only and

how the offer performed with respect to the evaluation criteria. Discussion could include a summary of the strengths and weaknesses of the offer.

The unsuccessful supplier's offer should not be compared to the winning offer and neither should aspects of the winning offer or any other offer be discussed. In relation to building and construction / roads and bridges, as the debriefing interview is usually held with the main contractor, other parties such as sub-contractors who have assisted with the preparation of the tender do not attend. Therefore, to improve the effectiveness of competition at the sub-contract level, agencies should encourage the main contractor to pass on to their sub-contractors any relevant briefing information that impact on their component of the tender.

Examples of issues that may be discussed at the debriefing include:

- cost - an indication of competitiveness;
- specification and evaluation criteria - levels of compliance;
- offer and contractual issues;
- design - for example any design deficiencies that would lead to higher operating costs;
- after-sales service - for example inadequate servicing network, spares held;
- delivery dates;
- administrative or management systems;
- industrial relations - for example a poor record with no plans for improvement;
- quality management - ineffective control methods, systems, people, training;
- experience, qualifications and referee reports or past performance - for example inadequate experience or qualifications, or poor performance on previous contracts;
- personnel - for example number, experience or quality of management and other personnel;
- facilities and equipment - for example outdated, inefficient equipment or facilities; and
- sub-contracting - for example inadequate control mechanisms.

The proceedings of the debriefing interview should be fully documented. Notes of the debriefing interview should be taken simultaneously with the interview. The information to be recorded should include:

- names and positions of participants;
- information provided to the unsuccessful supplier;
- any issues arising;
- details of any requested information that was not disclosed due to commercial-in-confidence considerations; and
- any likely future complaints and recommendations for further action.

An example Record of Debriefing template is available at [Annex F](#).

Contract Extensions - goods and services

Treasurer's Instruction PP-6 *Contract Extensions: Procurement Processes - Goods and Services* applies.

Before considering a contract extension:

- the supplier's performance should be reviewed to ensure an agency is satisfied with the supplier's performance in terms of delivering the agency's requirements;
- an agency should consider whether there has been any substantial change to the market or the nature of the goods or services since the previous procurement process; and
- the underlying principles of open and effective competition and transparency in government purchasing should be taken into consideration.

Extensions under the terms of the original contract

Extensions of contract, pursuant to the terms of an option to extend, should be approved by the appropriate officer within each agency.

Extensions pursuant to Treasurer's Instructions

The principal intent of an extension in this instance is to enable a short-term contract extension solution for agencies that encounter exceptional circumstances. For example:

- an extension is required to enable a procurement process to be undertaken may be where, as a result of circumstances outside of an agency's control, a number of significant legal issues are identified during the planning phase of the tendering process that will need to be resolved prior to advertising for tenders;
- unavoidable delays in the finalisation of a new contract following a tender process; or
- unforeseen circumstances or decision-making requirements that have delayed the procurement process.

Poor planning would generally be considered insufficient justification to extend a contract outside the terms of the original contract.

In instances where the requirements for approval are unable to be met, including where international procurement obligations apply, potential extensions should be treated as a new contract and either a full procurement process undertaken or consideration given to whether limiting tendering can be approved.

Processes

Each Accountable Authority should establish internal processes for seeking approval of extensions. For example, an Accountable Authority may wish to have requests reviewed by the agency Procurement Review Committee prior to a decision. The Accountable Authority may also wish to include approvals in the agency's internal audit program.

Reporting

Contract extensions with a value of \$50 000 or more approved pursuant to the Treasurer's Instruction are to be reported on the Tenders website. However, contracts extended in accordance with an option to extend in the original contract are not required to be reported, as these will already have been encompassed in the original notice.

Details of all contract extensions approved pursuant to the Treasurer's Instruction are to be reported in the agency annual report. Contracts extended in accordance with an option to extend in the original contract are not required to be reported, as the reporting of the original contract will already have encompassed these.

Annex A - Statement of Works

Attachment A - Statement of Work Form

Reference: [Insert name of services and location]

Background:

- A. The Crown represented by the Department and the Supplier have entered into the Head Deed.
- B. The Crown represented by the Customer, has requested, and the Supplier has agreed to provide, either, or both, the Goods or Services on the terms set out in this Statement of Work Form which incorporates, and is governed by, the terms of the Head Deed.
- C. The Head Deed, this Statement of Work Form and any other documents referred to in this Statement of Work Form, together constitute a Contract between the Crown, represented by the Customer, and the Supplier.

Head Deed reference	Head Deed for Supply of Goods and Services between the Department of Treasury and Finance (“ the Department ”) and National Disability Services Ltd (“ the Supplier ”) dated [insert date]
Date of Statement Work Form	[insert date]
Goods	[Insert the name/type of Goods] which are described in further detail in this Statement of Work and the Specification.
Services	[Insert the name/type of Services eg: “Cleaning services”] which are described in further detail in this Statement of Work and the Specification.
Specification	[Insert title and details of the specification] a copy of which is attached to this Statement of Work Form.
Site	[insert location where either, or both, Goods or Services will be Delivered.]
Warranty Period	[Insert Warranty Period applicable to the relevant Goods]

Customer Representative	Name: <i>[insert name and position]</i> Email: <i>[insert]</i> Mobile: <i>[insert]</i>
Supplier Representative	Name: <i>[insert name and position]</i> Organisation: <i>[insert]</i> Email: <i>[insert]</i> Mobile: <i>[insert]</i>
Supplier's Key Personnel (if relevant)	Name: <i>[insert name and position]</i>
Subcontractor	Name of company: <i>[insert]</i> Contact person: <i>[insert name and position]</i> Telephone: <i>[insert]</i>
Start Date of Delivery	The Supplier must Deliver either, or both, the Goods or Services on and from <i>[insert date]</i> .
Period of Delivery	The Supplier must continue to Deliver either, or both, the Goods or Services for a period of <i>[insert period]</i> from the Start Date (“ Initial Period ”) unless the Initial Period is extended or the Contract is terminated earlier in accordance with the Head Deed or this Contract.
Options to extend period	The Customer may extend the Initial Period for <i>[insert number of options eg: two]</i> more extended periods of <i>[insert length of extended period eg: 12 months]</i> each (“ Extended Periods ”). To exercise these options, the Customer must notify the Supplier at any time before the last 3 months of the Initial Term or an Extended Period that it wishes to extend the period of Delivery. The Initial Period or the Extended Period then is extended by the Extended Period, on the terms and conditions in effect on the last day of the Initial Term or the Extended Period, as applicable.
Contract Price	The Supplier is to be paid for either, or both, the Goods or Services and other Deliverables either at a fixed price or on a Time and Materials Rates basis as specified in the table below:
	<i>[Choose the appropriate pricing for the particular Statement of Work, and delete the irrelevant options.]</i>

	<p>Option 1 - Fixed Lump Sum price [\$ insert amount] plus GST</p> <p>Option 2 - Fixed Contract Price based on milestones</p> <table border="1" data-bbox="480 331 1506 779"> <thead> <tr> <th>Milestone</th> <th>Payment</th> <th>Invoice Amount - % of Contract Price</th> </tr> </thead> <tbody> <tr> <td>[insert]</td> <td>[\$insert]</td> <td>[10%*]</td> </tr> <tr> <td></td> <td>\$</td> <td>[40%*]</td> </tr> <tr> <td></td> <td>\$</td> <td>[30%*]</td> </tr> <tr> <td>Acceptance</td> <td>\$</td> <td>[20%*]</td> </tr> <tr> <td>Total</td> <td>\$</td> <td>[100%*]</td> </tr> </tbody> </table>	Milestone	Payment	Invoice Amount - % of Contract Price	[insert]	[\$insert]	[10%*]		\$	[40%*]		\$	[30%*]	Acceptance	\$	[20%*]	Total	\$	[100%*]
Milestone	Payment	Invoice Amount - % of Contract Price																	
[insert]	[\$insert]	[10%*]																	
	\$	[40%*]																	
	\$	[30%*]																	
Acceptance	\$	[20%*]																	
Total	\$	[100%*]																	
	<p>OR</p> <p>Option 3 - Time and Materials Rates Basis</p> <table border="1" data-bbox="480 927 1506 1137"> <thead> <tr> <th>Skills or Service</th> <th>Rates (Include GST)</th> <th>Materials (include GST)</th> </tr> </thead> <tbody> <tr> <td>[List skill categories]</td> <td>[List daily/ hourly rates]</td> <td>As quoted or Cost plus [x]%</td> </tr> </tbody> </table> <p>If the Supplier is to be paid on a Time and Material Rates basis, the Supplier must provide to the Customer on the last working day of each month (or other period agreed between the parties) a copy of all timesheets setting out the hours (or part thereof) worked by the Supplier in providing the Services during that month.</p>	Skills or Service	Rates (Include GST)	Materials (include GST)	[List skill categories]	[List daily/ hourly rates]	As quoted or Cost plus [x]%												
Skills or Service	Rates (Include GST)	Materials (include GST)																	
[List skill categories]	[List daily/ hourly rates]	As quoted or Cost plus [x]%																	
<p>Invoice timing</p>	<p>The Supplier must issue invoices to the Customer at the following times: [Insert details - eg: on completion of milestones/ or monthly]</p>																		
<p>Invoice to</p>	<p>Unit/Agency: _____</p> <p>Attention: _____</p> <p>Address: _____</p> <p>ABN: _____</p> <p>Email: _____</p>																		
<p>Date for payment invoices</p>	<p>30 days after receipt of correctly rendered invoice.</p>																		

Working hours	Normal working hours are from <i>[insert time]</i> until <i>[insert time]</i> , on Business Days, unless otherwise agreed with the Department.
Program	<i>[If the Delivery is Milestone based insert the program here or cross-reference the Specification if the program is in the Specification]</i>
Service Levels	<i>[Insert details of any service levels, or cross-reference the Specification if the service levels are in the Specification.]</i>
Deliverables reports –	<i>[Include a description of the content, frequency and form of reports required]</i>
Other Deliverables	<i>[Include a description of any other Deliverables to be provided other than reports]</i>
Special Conditions	<p>Contract Price Review</p> <p>Unless otherwise stated, the Contract Price will be increased on the anniversary of the Start Date of the Services and thereafter on each subsequent anniversary of the Start Date by reference to the Consumer Price Index – “All Groups CPI: Tasmania” using the following formula:</p> $A = B \times \frac{\text{CPI}(1)}{\text{CPI}(2)}$ <p>Where:</p> <p>A = The contract price after the adjustment</p> <p>B = The contract price before adjustment</p> <p>CPI(1) = The consumer price index for the quarter immediately preceding the review date</p> <p>CPI(2) = The consumer price index for the quarter immediately preceding the most recent earlier review date or, where there is no earlier review date, the quarter immediately preceding the start of the term.</p> <p><i>[Insert any additional terms applicable for this Contract.]</i></p> <p><i>Additional insurance requirements?</i></p>

Customer

Signed for and on behalf of the Crown in right of the Tasmania, represented by the **Department of []** being a duly authorised person in the presence of:

.....

Signature of witness

.....

Name of witness (block letters)

.....

Address of witness

.....

Occupation

Supplier

By entering into this Contract the signatory warrants that the signatory is duly authorised to execute this Statement of Work on behalf of, and bind, **National Disability Services Ltd** (ACN 008 445 485).

Signed for and on behalf of **National Disability Services Ltd** (ACN 008 445 485) by its Authorised Representative:

.....

Signature of Authorised Representative

.....

Full name of Authorised Representative

[ATTACH A COPY OF SPECIFICATION]

Annex B - Tender box opening form

Business Unit:	
Tender Title:	
Tender No:	
Closing Time and Date:	

Tenders opened in the presence of:

- 1.<Insert name and title>.....
- 2.<Insert name and title>.....
- 3.<Insert name and title>.....

at on dd/mm/yyyy at am/pm.

No	Tenderer	Address
1		
2		
3		
4		
5		

Comments (eg late tenders etc)

.....

Annex C - Evaluation matrix example

EVALUATION MATRIX

Agency:

Tender No.:

Tender Description:

Evaluation Criterion	Tender A	Tender B	Tender C	Tender D
Evaluation criterion 1				
Evaluation criterion 2				
Evaluation criterion 3				
Evaluation criterion 4				
Evaluation criterion 5				
Evaluation criterion 6				
Evaluation criterion 7				
Total	0	0	0	0
Whole-of-Life Costs	\$	\$	\$	\$
Compliance	Yes/No	Yes/No	Yes/No	Yes/No

Annex D - Weighted evaluation matrix example

Agency:

Tender No.:

Tender
Description:

Evaluation Criterion	Weighting	Tender A		Tender B		Tender C	
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
Evaluation criterion 1			0		0		0
Evaluation criterion 2			0		0		0
Evaluation criterion 3			0		0		0
Evaluation criterion 4			0		0		0
Evaluation criterion 5			0		0		0
Evaluation criterion 6			0		0		0
Evaluation criterion 7			0		0		0
Total	100%	0	0	0	0	0	0
Whole-of-Life Costs	n/a	\$		\$		\$	
Compliance	n/a	Yes/No		Yes/No		Yes/No	

Annex E - Evaluation scoring matrix - example

Score	Description	Full Description
10	Exceptional	Full achievement of the requirements specified in the market approach document for that criterion. Demonstrated strengths, no errors, weaknesses or omissions.
8 to <10	Superior	Sound achievement of the requirements specified in the market approach document for that criterion. Some minor errors, risks, weaknesses or omissions, which may be acceptable as offered.
6 to <8	Good	Reasonable achievement of the requirements specified in the market approach document for that criterion. Some errors, risks, weaknesses or omissions, which can be corrected/overcome with minimum effort.
4 to <6	Adequate	Satisfactory achievement of the requirements specified in the market approach document for that criterion. Some errors, risks, weaknesses or omissions, which are possible to correct/overcome and make acceptable.
2 to <4	Inadequate	Minimal achievement of the requirements specified in the market approach document for that criterion. Several errors, risks, weaknesses or omissions, which are possible, but difficult to correct/overcome and make acceptable.
>0 to <2	Poor to deficient	No achievement of the requirements specified in the market approach document for that criterion. Existence of numerous errors, risks, weaknesses or omissions, which are very difficult to correct/overcome and make acceptable.
0	Unacceptable	Totally deficient and non-compliant for that criterion.

Annex F - Record of Debriefing example

Meeting Date:	
Meeting Location:	
Procurement Title:	
Procurement Number:	

Attendees:

Agency Representatives		
<i>Name</i>	<i>Position</i>	<i>Agency/Organisation</i>
Supplier Representatives		
<i>Name</i>	<i>Position</i>	<i>Agency/Organisation</i>

Issues Discussed:

Overview of the Evaluation Process

(Brief comment regarding who was on the Evaluation Committee and how the bids were assessed.)

Evaluation Committee Findings

- **Criterion 1** *(Insert description of Criterion 1 and weighting)*

Discussion of Strengths and Weaknesses:

- **Criterion 2** *(Insert description of Criterion 2 and weighting)*

Discussion of Strengths and Weaknesses:

Requested information not disclosed:

(Note any information that was requested by the supplier but was not disclosed due to commercial-in-confidence considerations.)

-
-

Issues arising from discussions:

-
-

Likely future complaints:

(Note any likely future complaints that were identified in the debriefing interview and any recommendations for further action.)

Item:

Recommended Action:

