MINI GUIDE TO PROCUREMENT in the WA Public Sector

Goods & Services

Sixth edition, July 2016
How to use this mini guide

This guide gives an overview of the steps to take when buying a good or service on behalf of your agency in line with State Supply Commission (SSC) policies.

The tabs on the right hand side help you find the right procurement process for your purchase, depending on its value and whether there is a Common Use Arrangement (CUA) in place.

This guide provides only an overview of purchasing; the complete Procurement Practice Guide is available from [www.finance.wa.gov.au](http://www.finance.wa.gov.au).

Who is Government Procurement?

This guide has been prepared by Government Procurement (GP), a business unit within the Department of Finance (the Department). GP provides government agencies strategic procurement advice, develops whole-of-government CUAs, and helps agencies develop their own contracts.

GP provides support, analysis and advice through online systems (Tenders WA and Contracts WA), procurement templates, reports and procurement training.

Agency Procurement Services (APS) will be your one-stop-shop for advice and assistance, supporting your agency with goods and services procurements valued at $250,000 and above, including ICT and community services procurement.

If you want to engage a not-for-profit organisation to provide a community service, GP’s Funding and Contracting Services (FaCS) unit can give you information, support and tools.

For building or infrastructure procurement, contact Building Management and Works within the Department.

bmwcomplaintsandfeedback@finance.wa.gov.au.
What’s a Common Use Arrangement (CUA)?

A CUA is a whole-of-government standing offer, awarded to suppliers to provide goods or services commonly purchased by government agencies. Examples of these are fuel, courier services, computers, business machines, groceries and stationery.

A CUA is an easy buying tool that streamlines the purchasing process and minimises risk. Many CUAs are ‘pick and buy’ arrangements, meaning that you don’t need to seek multiple quotes or go to public tender. Each contracted supplier has agreed to provide goods and services under specified terms and conditions – including price. Each CUA has a contract manager who can clarify what is in and out of scope of the CUA.

Most CUAs are mandatory in the Perth metropolitan area. This means that if you are about to buy a good or service you must first check if it is available on a CUA. Agencies must purchase from mandatory CUAs unless an exemption has been granted by GP. Where a CUA is non-mandatory, buyers should still approach its contracted suppliers before seeking quotes from other suppliers.

Each CUA has its own set of buying rules, so make sure to read the relevant Buyers Guide before you buy. A list of current CUAs and their buyers guides is available on www.contractswa.finance.wa.gov.au.

To make sure your chosen supplier gives you CUA prices, always quote the CUA number and identify yourself as a government buyer.

A registered Aboriginal business or registered Australian Disability Enterprise can be directly engaged even where a CUA exists. Contact spi@finance.wa.gov.au for more information.
Getting Started

A few basics before getting started with your purchase:

Q: Do you have approval to spend and is there a budget?
A: Make sure you have followed your agency’s internal approval processes.

Q: Is the good or service available on a CUA?
A: Check www.contractswa.finance.wa.gov.au and if it is, go ahead and buy in line with the CUA’s buyers guide. If it isn’t, then use the tabs on the right hand side to find the right procurement process for your purchase.

Q: Does your agency have an existing contract in place?
A: If so, go ahead and buy according to the contract’s buying rules. If not, then use the tabs on the right hand side to find the right procurement process for your purchase.

Q: When paying, can you use a purchasing card or do you need a purchase order?
A: Purchasing cards are an easy-to-use payment option. Check your agency’s limits and whether your chosen supplier accepts this as a form of payment.

Q: Is the good or service available from a registered Australian Disability Enterprise (ADE) or a registered Aboriginal business?
A: Then you may choose to use an exemption from the competitive requirements of the SSC’s Open and Effective Competition policy to directly contract for these goods or services.

A registered Aboriginal business or registered ADE can be directly engaged even where a CUA exists. For further information contact spi@finance.wa.gov.au or visit the Department’s website.

Q: Do you require a not-for-profit organisation to provide a community service?
A: Then contact the Funding and Contracting Services unit within Finance.

Q: Does your purchase relate to building, infrastructure or accommodation?
A: Then contact Building Management and Works, within Finance.

If none of these apply, then buy in line with State Supply Commission supply policies and buying rules. Purchasing options and processes are detailed on the following pages.
Procurement processes with a total estimated value up to $50,000

If the total contract value is up to $50,000 (incl. GST) you may determine the most appropriate procurement method, including direct sourcing, or verbal or written quotations based on assessment of the market, complexity, risk, and process efficiency.

Agencies should always ensure their buying requirements follow their own internal purchasing policies and processes.

- **Identify the requirement (i.e. a good or service)**
- **Have you considered using a registered Australian Disability Enterprise (ADE) or a registered Aboriginal business?**
  - **YES**: You can directly source from an ADE or Aboriginal Business under $50,000. Check out abdiwe.com.au or are.org.au to find registered businesses that could meet your requirement.
  - **NO**: Proceed to the next step.

- **Is it available on a Common Use Arrangement or Agency Contract?**
  - **YES**: Purchase in line with the buying rules and process for that contract.
  - **NO**: Proceed to the next step.

**Determine the most appropriate procurement method:**

- **Direct sourcing**
  - Identify two to five suppliers capable of supplying the required good or service.
  - Develop a brief description of the good or service.
  - Request quotations by phone, email, fax or face-to-face and give potential suppliers a reasonable amount of time to respond. Advise the suppliers if there are any selection criteria other than suitability of purpose and price.
  - Evaluate the quotations.
  - Select the successful supplier and provide a brief justification statement on the Finance Verbal Quotation form. A brief evaluation report may be appropriate where there are several qualitative criteria.
  - Advise the successful supplier and confirm by sending an order or a written acceptance.
  - Advise the unsuccessful bidders.
  - Record the details of all quotations requested and received, including the successful supplier’s details. Use the Finance Verbal Quotation form or similar for this purpose.

- **Verbal quotation**
  - Develop a specification. A Finance “Request for Quota” template should be used.
  - Identify two to five suppliers capable of supplying the required good or service.
  - Request written quotations, typically giving the suppliers between three and ten days to respond.
  - Establish an evaluation panel of two or more appropriately skilled and knowledgeable people.
  - Evaluate received quotations in accordance with the selection criteria and SSC and government policy requirements and select the recommended supplier.
  - Advise the successful supplier by sending an order or a letter of acceptance. Advise the unsuccessful bidders in writing.

- **Written quotation**
  - Ensure that the successful supplier provides the goods or services in accordance with the specification at the accepted price.
Written quotes for purchases between $50,000 and $250,000

If the total contract value is over $50,000 and less than $250,000 (incl. GST) and the good or service is not on a CUA, you must seek written quotes. The steps below identify the required process to follow:

1. Identify the requirement (i.e. a good or service)
2. Can a registered Australian Disability Enterprise (ADE) or a registered Aboriginal business meet your requirement?
   - Yes: Contact spi@finance.wa.gov.au
   - No: Proceed to the next step.
3. Is it available on a Common Use Arrangement or Agency Contract?
   - Yes: Proceed to step 4.
   - No: Proceed to step 5.
4. Purchase in line with the buying rules and process outlined in the Buyers Guide for that contract.
5. Develop a specification using the Finance “Request for Quote” template.
6. Identify suppliers capable of supplying the required product and/or service.
7. Request written quotations, typically giving the suppliers between three and ten days to respond.
8. Establish an evaluation panel of two or more appropriately skilled and knowledgeable people.
9. Evaluate received quotations in accordance with the selection criteria and SSC and government policy requirements and select the recommended supplier.
10. Advise the successful supplier by sending an order or a letter of acceptance. Advise the unsuccessful bidders in writing.
11. Publish the contract award details on the Tenders WA system.
12. Ensure that the successful supplier provides the goods or services in accordance with the specification at the accepted price.

Government Procurement offer specific training on the written quote process, for more information go to the Department’s website.
Open tenders for purchases over $250,000

If your purchase represents a total contract value of more than $250,000 (incl. GST) and above, you must undertake a competitive procurement process through an open tender.

GP must be engaged in all open tenders above $250,000. The Agency Procurement Services team is available to assist your agency with its procurement requirements. Be sure to engage your GP representative as early as possible. If your procurement is a part of a major government project, it may qualify for GP’s Strategic Project Support Services (SPSS) assistance.

You can also directly engage a registered Aboriginal business or ADEs for purchases in excess of $250,000, for more information contact spi@finance.wa.gov.au.

For information about successful tendering, visit the Government Procurement section of www.finance.wa.gov.au.

The results of tenders must be published on Tenders WA (www.tenders.wa.gov.au).

These are the steps to take when going through the open tender process:

1. **Procurement planning**
   - Establish the business need
   - Develop the business case
   - Procurement strategy

2. **Contract formation**
   - Competitive procurement
   - Award and implement contract

3. **Contract management**
   - Manage contract
   - Closure and review
Strategic Project Support Services (SPSS)

SPSS assists agencies undertake strategic/complex procurement activities on major government projects.

The focus is on providing greater value to government while enabling flexibility in delivering services for complex and high-value projects including business planning and project management activities.

Seven key criteria have been identified to assess an agency’s procurement or project requirements, which will determine whether the agency has access to SPSS assistance. The criteria are:

1. **Risk** – The risk profile of the project is identified as high or extremely high.
2. **Complexity** – The project proposed is highly complex relative to the standard business as usual procurement and may be made up of multiple procurements that impact one another.
3. **One off or unusual requirement** – The project is an unusual business need for the agency or requires an alternative procurement process (such as Expression of Interest, Request for Proposal or lower value Public Private Partnership (not covered by the Office of Strategic Projects)).
4. **Significance/public interest** – The project is highly visible to taxpayers, or is of high significance to the State, or politically sensitive for Government.
5. **Transformational (vs transactional)** – The project will transform the agency’s business.
6. **Timeframe** – The project is extremely urgent or impacts other government initiatives, requiring immediate resourcing. Alternatively, if long-term assistance on a project is required - more than six months.
7. **Value** – The project should have a minimum estimated contract value (ECV) of $1 million, with an expectation that most SPSS projects would have an ECV greater than $5 million. The total spend of an agency, agency size and internal expertise will also be considered in the context of this value.

It is recommended that at least four of the seven criteria are met to be considered a SPSS project.

An editable **Request for SPSS Assistance form** is available, which enables agencies to provide the key information on its project. This form must be completed and submitted to the Director responsible for SPSS, for review and assessment.
Top tips for a successful procurement process

1. Spend plenty of time planning the purchase. Think about who needs to be involved, what needs to be done, by whom and by when. Don’t forget to consult with Finance if the estimated total contract value of your purchase is $250,000 or greater (incl. GST) and it is not available on a CUA.

2. Research whether a registered Aboriginal business or a registered ADE can meet your requirement.

3. Clearly define and specify what it is you are purchasing and make sure all suppliers receive the same specifications.

4. Use the Procurement Practice Guide and procurement templates in the Government Procurement section of www.finance.wa.gov.au to make sure you follow the right processes and cover policy requirements.

5. Inform unsuccessful bidders of the successful respondent and the estimated contract value. For written quotations and open tenders, use the letter unsuccessful offer template, available on the Finance website. For verbal quotations, an email is sufficient.

6. If your total estimated contract value is close to the upper limit of the relevant purchasing threshold, use the procurement process of the next bracket, in case you have underestimated the cost of your purchase.

7. For regular purchases under $50,000 (incl. GST), use different suppliers from time to time to test if you are getting value for money, or try to aggregate your spend into one larger procurement.

8. Use your purchasing card where possible for a quick and easy payment process.

9. Keep appropriate records of purchases. This usually includes quotations, any documentation that justifies value for money, purchase orders, receipts and purchasing card statements.
Top tips for successful contract management

If you are responsible for contract management, remember to:

1. Understand the requirements of the contract – ensure the obligations of all parties are fulfilled in accordance with the contract. Be across relevant policies, procedures, governance standards and legislation requirements.

2. Have a plan for managing the contract – consider contract management requirements in the procurement planning phase, involve the right stakeholders, clearly define the scope of work, identify the risks and include appropriate performance measures.

3. Communicate regularly and effectively with the contractor – ensure roles, responsibilities and objectives are clear to all parties to the contract. Engage in regular feedback sessions, review the requirements of the contract, assess the contractor’s performance and actively manage risks.

4. Consider changes to the contract carefully – ensure variations to the contract are justified, provide value for money, do not diminish the public authority’s requirements or interests, are in accordance with relevant policy and are formally approved by the delegated authority.

5. Where a contract variation is valued at:
   - $50,000 or above, it must be published on Tenders WA.
   - $250,000 or above, must be referred to GP
   - $5 million or above, submitted to the State Tender Review Committee.

6. Keep comprehensive records for contractual, legislative and audit purposes.

7. For more information on Contract Management requirements, templates and training go to the Department’s [website](http://example.com).
Where to go for help

Department of Finance website (www.finance.wa.gov.au) provides a central information source for procurement templates, publications, events and training programs.

Tenders WA (www.tenders.wa.gov.au) allows government buyers to advertise public requests and publish contractual awards, including sole source purchases. You can also search current requests and view contract results. For assistance, email procurementsystems@finance.wa.gov.au

Contracts WA (www.contractswa.finance.wa.gov.au) provides a central online access point for all information on CUAs, including related buyers’ guides, product catalogues, eDecision aids and the contact details of contract managers.

State Supply Commission (www.ssc.wa.gov.au) provides further information on government procurement policy.

Government Procurement general enquiries

For all general goods and services procurement assistance, email gm.aps@finance.wa.gov.au. You can find your agency’s relevant Finance contact in GP’s Agency Procurement Services Contact list on www.finance.wa.gov.au.

CUA queries

For general assistance on CUAs, email cua@finance.wa.gov.au.

Funding and Contracting Services

If you need help engaging a not-for-profit organisation to provide a community service, email fundingandcontracting@finance.wa.gov.au.

Social Procurement Initiative

If you have a requirement that could be met by an Australian Disability Enterprise or registered Aboriginal business email spi@finance.wa.gov.au.

Training

For procurement training queries, email proceducation@finance.wa.gov.au.