

## F6. Tender Evaluation Process Policy

### Policy Objective

The objective of this policy is to enable guidance to be provided to responsible officers in setting tender evaluation criteria prior to the inviting of tenders to achieve the best overall outcome for the Shire of Dundas.

### Definitions

**ExG** – Executive Group consisting of the CEO, MFA and the Manager of Works and Services.

**Responsible Officer** – The person responsible for the delivery of the project or service that is the subject of the tender.

**Tender:** means a tender required under Clause 11 of *the Local Government (Function and General) Regulations 1996* or other tender procedure as determined by the Council.

**Tender Criteria:** The standards by which are specified in the invitation to tender document which are used to judge the tender submissions and form the basis for the tender selection. They are expressed in percentages.

### Policy Statement

This policy is applicable based on the following being addressed:

- A clearly identifiable budget is in place for the product or service to be provided; and
- The appropriate tendering process is to be followed in accordance with AS 2124

### Tender Panel

A minimum of three (3) persons are to assess tenders independently of each other. The officers selected for tender assessment should not have any interests in those contracts.

A form for declaration of nil interest must be completed and signed by every panel member before opening of tenders.

### Legislation

Part 4 of *the Local Government (Functions and General) Regulations 1996* provides for the process to be followed when inviting tenders. *Regulation 14 (2a)* indicates the need for the local government to determine the criteria to be applied to the tender for assessment purposes prior to the invitation being publicised.

### Policy Scope of works:

The scope of works must be relevant and in specific detail to give the tenderer a clear understanding of the nature and extent of works required including timeframes and deliverables to complete the tendered work.

Pricing by the tenderer will be based on the scope of works as outlined. It follows that the more detail that is provided, the more accurate will be the pricing with less contingencies or variations.

The scope of works is required to be confirmed prior to the invitation of tenders.

### Licenses and Insurances:

As a prerequisite, the contractors are required to possess necessary licenses/trade qualifications depending on the nature of the work to be performed if selected. Contractors are also required to hold an insurance policy (i.e. as a minimum, public liability for \$ 10million) to cover risks to persons and properties as a result of their actions on the site.

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Before a contract is awarded, the responsible officer is required to obtain a copy of the required licences and certificates of currency (insurance), certify them as a true copy of originals they have sighted and keep them in file for verification, claim (if necessary) and audit purposes.

### Evaluation models:

Tenders vary greatly in the nature of the activity, scope of works and pricing. Evaluation criteria should be tailored to each individual purchasing requirement.

Three examples that reflect the majority of tenders that are invited by the Shire:

1. Product Purchases (table 1);
2. Service Provision; (table 2) and
3. Construction Projects (table 3), are provided below with acceptable and recommended percentile ranges for various criteria.

The recommended criteria weighting should generally be used in most cases, the criteria may be adjusted within the acceptable range or omitted where they are deemed unnecessary for the particular tender. Additional tender specific criteria may also be added if required.

The final criteria selected are subject to the CEO and the ExG approval for each tender. When determining the criteria, the sum of the weightings must equal 100%. If final criteria are outside of the acceptable range indicated below, then council approval is required.

The price criteria may be replaced with a schedule of rates for the goods or services required.

### Product Purchases:

This model applies to any goods or products purchased from suppliers.

Table 1

Product Purchases			
Reference	Criteria	Acceptable Range	Recommended Criteria
A	Quality	20 – 30%	15%
B	Capacity to deliver	20 – 30%	15%
C	Regional Supplier	10 – 20%	10%
D	State Supplier	5 – 10%	5%
E	Sustainability	0 - 10%	5%
F	Price /Schedule of rates	20 - 80%	50%
Total		100%	100%

### Service Provision:

This model applies to any services provided by suppliers whether it is to be consultancy work, service and repairs, provision of labour services, etc.

Table 2

Service Provision			
Reference	Criteria	Acceptable Range	Recommended Criteria
A	Relevant experience	10 – 25%	15%
B	Capacity to deliver	10 – 25%	15%
C	Regional supplier	10 – 20%	10%
D	State Supplier	5 – 10%	5%
E	Methodology/ demonstrated understanding	5 - 10%	5%
F	Key personnel	10 – 30%	10%
G	Price /Schedule of rates	20 - 80%	40%
Total		100%	100%

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### Construction Projects

This model applies to construction projects, particularly buildings and civil works etc.

Table 3

Construction Projects			
Reference	Criteria	Acceptable Range	Recommended Criteria
A	Relevant experience	10 – 30%	10%
B	Key personnel	10 – 20%	10%
C	Regional supplier	10 – 20%	10%
D	State Supplier	5 – 10%	5%
E	Tenderers resources	5 - 10%	5%
F	Methodology/ demonstrated understanding	10 – 20%	10%
G	Price	20 - 80%	50%
Total		100%	100%

### Example criteria details.

Criteria may be broken down to require information specific to the project.

#### Quality.

Approved quality systems, location of product manufacture, product guarantees.

#### Capacity to Deliver.

How soon can the product be delivered, is it sourced from overseas manufacturers, can multiple repeat orders be fulfilled.

#### Regional Supplier.

Is the supplier a local business as defined in the Regional Price Preference Policy or is the supplier using local businesses as sub-contractors and have provided an estimate of the value of the local content.

#### Sustainability/Lifecycle.

What sustainability features if any are involved in the product, what is its whole of life costs, what are its running costs, what is its maintenance frequency, what is its design life?

#### Relevant Experience.

Details of similar work, demonstrated experience in projects, scope of the tenderer's involvement including details of outcomes, details of issues that arose during the project(s) and how they were managed, demonstrate competency and proven track record of achieving outcomes.

#### Methodology / Demonstrated Understanding.

The process for the delivery of the requirements including a clear outline of the tenders understanding of the requirements including the proposed methodology for its delivery including an implementation timetable.

#### Key Personnel.

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The role of key personnel in the performance of the contract, curriculum vitae of key personnel (all consultants and sub-consultants, contractors and sub-Contractors) inclusive of qualifications and membership of professional and business associations.

### **Tenderers Resources.**

Current commitment schedule and any relevant contingency measures or back up of resources including personnel.

### **Price/Schedule of Rates.**

Lump sum prices should be broken down into identifiable line items and priced on that basis. Scoring for lump sum contracts is on a weighted average calculation provided by WALGA.

Schedules of rates should clearly identify what works will be carried out under the contract and the times for doing the work. Approximate quantities, number of call outs etc, may be provided as deemed suitable by the responsible officer to allow tenderers to estimate the requirement in terms of resources. Scoring for a schedule of rates-based tender is on direct comparison, lowest average rates, and best value for money etc.

### **Anti-Avoidance**

Tenders should not be broken purposefully into smaller components under \$150k to simply avoid a Council report being generated.

### **Consequences**

This policy represents the expected procurement standards of the Shire of Dundas. Elected members and employees are reminded of their obligations under the Council's code of conduct to give full effect to the lawful policies, decisions and practices of the Shire.

### **Roles and Responsibilities**

The responsible officer is to ensure that the appropriate process is followed as determined by the existence of any budget allocation and to apply evaluation criteria appropriate to the tender being sought.

The ExG shall ensure that the policy will be adhered to and that the evaluation criteria set are appropriate for the specific tender, in accordance with this policy and the results of the tender evaluation process are based on the criteria set.

***Policy Reviewed October 2020***