

# Parliament of Western Australia

## Procurement Policies

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# Introduction

The Parliament of WA (POWA) adopts policies to provide staff with direction and guidance on all aspects of purchasing and contracting for goods and services.

The policies provide parameters within which authorised staff undertake procurement activities to obtain the best value for money in meeting business objectives of the Legislative Council, Legislative Assembly and Parliamentary Services Department while mindful of the procurement complexities, timeliness and level of risk.

## Policies

POWA policies provide a framework for the procurement of goods and services to ensure efficient and effective purchasing. These include:

- Value for Money;
- Open and Effective Competition;
- Common Use Arrangements;
- Contracting Approvals;
- Integrity, Ethics and Probity;
- Sustainable Procurement;
- Assuring Quality;
- Disposal of Goods;
- Supplier Complaints and Communications.

The policies are based on State Supply Commission policies and have been amended to reflect the business practices within POWA.

## Guidelines

Guidelines for implementing POWA policies are set out in the *Parliament of WA Procurement Guidelines*.

# Glossary of Terms

In the POWA Policies and Guidelines, unless a contrary intention appears:

“**Accountable Authority**” means the Clerk of the Legislative Council, Clerk of the Legislative Assembly or the Executive Manager Parliamentary Services.

“**Asset Register**” means the register of assets worth \$5,000 or more maintained by the Finance Unit.

“**Bid**” means an offer by one party to enter into a legally binding contract with another party.

“**Bona fide sole source of supply**” means a situation where it has been clearly established that only one supplier can supply the requirement. This can be established either through a periodic test of the market or consultation with appropriate industry bodies, manufacturers and other sources of expertise.

“**Buyer’s Guide**” means the document maintained by the Department of Finance outlining the rules of access and buying in relation to common use arrangements or agency-specific panel contracts.

“**Common Use Arrangement**” or “**CUA**” means a whole of government standing offer arrangement, awarded to a single or a panel of suppliers for the provision of specific goods or services commonly used within Government.

“**Contract management**” means the process of actively managing the relationship with a supplier over the term of the contract to ensure that both parties meet their obligations and that value for money is achieved through satisfactory completion of the contract.

“**Contract management plan**” means a plan containing all the pertinent information about how the contract is to be managed and which identifies and addresses all relevant issues through the life of the contract. This includes monitoring compliance with contract conditions, identification of milestones and key deliverables/outcomes, roles and responsibilities of participants, effective financial management and monitoring, monitoring of risks, project performance reporting requirements and transitional arrangements.

“**Integrity, Ethics and Probity**” refers to uprightness, honesty, proper and ethical conduct and propriety in dealings. This involves procedures, ethical behaviour, consistency with the POWA policies and legislation and transparent decision-making which is fair and can be justified.

“**Policy Statement**” provides a short and succinct statement of the policy directive, which has mandatory application for the purchase of goods and services.

“**POWA**” means Parliament of Western Australia.

“**Price**” means the total price of a procurement for the total period of the contract, including extensions and GST.

**“Procurement”** means the entire process for obtaining all class of resources (human, material, facilities and services). It can include planning, design, standards determination, specification writing, preparation of quotation and tender documentation, selection of suppliers, financing, contract administration, disposals and other related functions.

**“Procurement Plan”** means a project management tool that provides a framework for procurement. The procurement plan outlines key issues that both determine and impact the procurement strategy and method adopted.

**“PSD”** means Parliamentary Services Department.

**“Rationale”** provides a short description of the underlying principles and scope of each Policy.

**“Request”** means the documentation utilised for Requests for Tenders, Requests for Proposals or Expressions of Interest.

**“Requests for proposal”** means the process of publicly inviting offers to supply goods or provide services when the requirement is well-defined in terms of desired outcomes, but the process by which this is achieved is not predetermined and suppliers are encouraged to present flexible and innovative market-based solutions.

**“Risk management”** means applying the principles and policies adopted by the Parliament regarding risk management to the tasks of identifying, analysing, evaluating, treating and monitoring risk.

**“State Supply Commission”** means the authorised body established under the *State Supply Commission Act 1991*.

**“Sufficient quotations”** means an adequate number of bids to the extent that is possible from bona fide sources of supply so as to ensure open and effective competition. To demonstrate competition, the number of suppliers requested should range from two to five.

# 1. Value for Money

## **Policy Statement**

The POWA adopts a value for money approach in the procurement process when purchasing goods and services. The value for money assessment may vary in complexity depending on the nature and value of the purchase and the level of risk.

## **Rationale**

Achieving best value for money requires the POWA to consider cost and non-cost factors in making a value judgment about the best possible outcome.

# 2. Open and Effective Competition

## **Policy Statement**

The POWA adopts a policy of open and effective competition.

## **Rationale**

The promotion of open and effective competition when undertaking procurement assists the POWA in obtaining value for money. It also provides suppliers with fair and equitable access to supply opportunities with the POWA whilst maintaining the transparency and integrity of the POWA's procurement function.

# 3. Common Use Arrangements

## **Policy Statement**

The POWA is authorised to access goods and services under a CUA and may adopt these arrangements as a source of supply.

## **Rationale**

The use of a CUA promotes greater efficiencies and savings by aggregating procurement expenditure for routinely required goods and services. While the mandatory status of some CUAs is not applicable to the Parliamentary Departments, procurement documentation should explain the justification for sourcing like goods or services outside of a CUA.

# 4. Contracting Approvals

## **Policy Statement**

Contracts for goods and services of \$250,000 and above are usually facilitated on the POWA's behalf by PSD in conjunction with the Department of Finance.

Where appropriate, the POWA may prepare a formal procurement plan and a formal contract management plan for purchases of goods and services:

- with a total contract price over \$1 million, irrespective of whether they are a single purchase or a series of planned purchases over the life of a contract; or
- which are high risk or complex, regardless of contract value.

The POWA may prepare contract award recommendations for purchases of goods and services:

- with a total contract price of over \$250,000; or
- which are high risk or complex, regardless of contract value.

The Accountable Authority must approve all procurement plans, contract management plans and contract award recommendations.

#### *Purchases through a Common Use Arrangement*

The obligations set out in this Contracting Approvals Policy do not apply to individual purchases made through a CUA.

#### **Rationale**

This Policy establishes a contracting approval framework requiring specified purchases to undergo scrutiny at stages in the procurement process.

Procurement plans are an important risk management tool, ensuring that the POWA identifies and addresses all relevant issues prior to proceeding with the purchase. Likewise, a contract management plan ensures that the POWA identifies and addresses all relevant issues through the life of the contract.

## **5. Integrity, Ethics and Probity**

### **Policy Statement**

All POWA staff are governed by the Code of Conduct and must observe the highest standards of integrity, ethics and probity in undertaking procurement activity.

The following must be observed and enforced through all stages of the procurement:

- procurement is to be undertaken on a competitive basis in which potential suppliers are treated impartially, honestly and consistently regarding all information, advice, preferences and concessions;
- all processes, evaluations and decisions must be transparent, free from bias and fully documented in accordance with applicable policy and audit requirements;
- any actual or perceived conflicts of interest are to be identified, declared and appropriately managed prior to undertaking any procurement or disposal; and

- appropriate processes for the receipt and management of supplier information must be maintained in accordance with legal requirements and any POWA policy to ensure confidentiality is maintained

### **Rationale**

The commercial dealings of the POWA must observe the highest standards of fairness and transparency. Each Department must be able to publicly account for its decisions and take responsibility for the achievement of procurement outcomes.

## **6. Sustainable Procurement**

### **Policy Statement**

The POWA should consider environmental impacts and opportunities in the procurement process.

### **Rationale**

The POWA should lead by example and set a high benchmark for environmentally sustainable procurement practices.

Considering environmental impact for goods and services procurement will contribute towards:

- managing risk to the broader environment from the purchase of goods and services;
- fostering the development of products and processes that have positive environmental impact;
- undertaking POWA procurement in a manner that is consistent with the principles of sustainability; and
- providing an example to business, industry and the community in promoting the use of low environmental impact goods and services.

## **7. Assuring Quality**

### **Policy Statement**

The POWA must make certain that quality is assured through each stage of the procurement process. This includes ensuring that:

- staff engaged in the POWA's procurement have appropriate purchasing or contracting knowledge and experience for the level of procurement undertaken;
- any appropriate quality management systems of potential bidders are specified as part of the tender documentation; and
- where quality requirements are specified in any quotation or request documentation, the contract must be awarded to a supplier who meets those quality requirements.



Where a supplier is required to demonstrate that they meet a specific method of assuring quality, this requirement must be included in the request documentation as a compliance requirement.

### **Rationale**

Procurement risk will be minimised and better value for money outcomes achieved by ensuring that only competent, experienced officers undertake procurement and by only awarding contracts to suppliers that meet the quality requirement(s) specified.

## **8. Disposal of Surplus or Obsolete Goods**

### **Policy Statement**

The POWA must dispose of surplus or obsolete goods in a manner that is ethical, equitable and efficient and where practicable maximises financial return and/or minimises disposal costs. Acceptable methods of disposal are:

- transferring the goods to a public authority;
- inviting competitive offers through written quotations or public tenders;
- public auction;
- trade-in;
- recycling;
- donation to charitable institutions;
- dumping or destruction in accordance with relevant regulations; and
- other means as approved by the Accountable Authority.

The Accountable Authority must approve the disposal of any goods.

### **Rationale**

A significant proportion of the POWA's expenditure involves goods, many of which need to be disposed of when they become surplus to requirements.

In this context, "surplus or obsolete goods" means goods belonging to or in the care, custody or control of the POWA that are considered to be redundant, unserviceable, obsolete or surplus to requirements. This does not include leased goods.

## 9. Supplier Complaints and Communication

### **Policy Statement**

The POWA must ensure that an appropriate process is in place to provide feedback to unsuccessful bidders and to respond to supplier complaints in regard to procurement.

### **Rationale**

All suppliers must be treated equally throughout the procurement process to demonstrate there is transparency in the decision-making which is fair and justifiable, including access to an appropriate grievance procedure.