



### 1. Purpose

To provide a comprehensive guide and checklist for the engagement and management of Contracts for Oberon Council's operations.

### 2. Scope

The Oberon Council Contract Management procedure ensures robust processes are in place for management of all Contracts including the purchase of goods and services. Management of Contracts is closely linked to Council's Procurement and Disposal Policy and ensures expenditure of public funds results in the most advantageous outcomes for the community.

### 3. Responsibility

This document applies to all staff with procurement or contractor management authority within Council.

### 4. Procurement

All procurement will be undertaken in accordance with Council's Procurement and Disposal Policy 1206.

Where a Council Officer has no procurement authority, they will be automatically allocated procurement level zero.

Compliance with the procedure is not required for the following purchases:

- provision of utilities (electricity, telephone etc.)
- subscriptions to professional journals, associations etc.
- donations
- annual contributions (e.g.: LGNSW, CNSW JO, etc.)
- Those purchases highlighted within Councils Procurement Procedures.

Levels of purchasing are to be delivered in line with Councils Procurement and Disposal Policy.

Table 1 is a guide to the various levels of procurement authority within Council. As indicated below, each procurement level has a pre-determined level of expenditure subject to the specific requirements of each Council Officers position.

TABLE 1.

Position	Delegation			
	Purchases within budgeted provision	Cheque authorisation	Bank Transfer authorisation	Credit Card limits
<b>General Manager</b>	<b>\$150,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$5,000</b>
Executive Coordinator	\$2,000			
Tourism and Economic Development Manager	\$2,000			
Human Resources Manager	\$2,000			
WHS/Risk Coordinator				
<b>Corporate Services Director</b>	<b>\$50,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$3,000</b>
Chief Financial Officer		\$500,000	\$500,000	
Management Accountant		\$150,000	\$150,000	
Community Services and Youth Coordinator	\$2,000			
Storeman	\$5,000			
IT/GIS Coordinator	\$2,000			
<b>Planning &amp; Development Director</b>	<b>\$50,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$3,000</b>
<b>Technical Services Director</b>	<b>\$100,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$3,000</b>
Technical Services Manager	\$10,000			
Project Engineer	\$10,000			
Plant Foreman	\$5,000			

## 5. Preparing a Quote/Brief

In order to provide a consistent approach to undertaking projects the following criteria will be required to be undertaken in line with the protocol outlined within this procedure.

At a minimum all projects will be scoped in order to provide an appropriate level of certainty relating to the project being undertaken. In relation to consulting professionals, contractors and purchasing, where possible, fixed priced quotations should be sought. However, in instances where this is not appropriate the performance of the contractors should be closely monitored by staff to ensure that Council is obtaining 'best value'. In addition to the terms and conditions together with the conditions of quotation will form the contract.

The following approach will be required to be followed.

### Assessment Process

The following guide provides a guide to the assessment types applicable to each category of procurement.

Value category	Assessment Type
Goods/Services between \$0 and \$4,999	Informal
Goods/services between \$5,000 and \$49,999	Informal
Goods/services between \$50,000 and \$149,999	Formal
Goods/services greater than \$150,000 (incl. GST)	Formal

### Informal Assessments

An 'informal assessment' is an assessment that is conducted without the usual requirements of written or documented evidence of either the process (assessment, weightings, scores etc.) or outcome (Director report, Committee report etc.). Procurement categories requiring an informal assessment only have been classified in this manner due to their lower expenditure value and generally lower risk factor.

Although evidence of an assessment is not required, it does not necessarily mean that an assessment is not required.

No matter what the procurement category may be, Council Officers must still assess each submission to determine which offer represents the 'best value for money' for Council. The level at which this assessment is conducted must be commensurate with the value, risk and complexity of the goods or services being procured.

Where the goods or services being procured may possibly present some level of risk to Council, Council Officers are encouraged to undertake the formal assessment process.

### Formal Assessments

A 'formal assessment' is an assessment that requires written and documented evidence of the process (assessment, weightings, scores etc.) and outcome (Director report, Committee report etc.). Procurement categories requiring a formal assessment have been classified in this manner due to their higher expenditure value and generally higher risk factor.

Please note, when conducting any procurement involving a formal assessment process, the quantitative and qualitative selection criteria must be established by the assessment panel prior to the procurement request being distributed.

Formal assessments consist of the following key assessment areas:

- Compliance check.
- Qualitative analysis; and
- Quantitative analysis.



## Evaluation Criteria and Weightings for Contract Selection

- a) Selection criteria shall be determined prior to calling Quotations and included in the documentation.
- b) The criteria must be determined in such a way that all potential bidders are assessed on an equal basis and nobody is prejudiced against.
- c) Criteria should not be based on price alone. Attention has to be drawn also to the quality of work, expertise, experience of staff, financial capacity, past relationship with Council and other factors that the Evaluation Panel considers appropriate. Weightings can be assigned to various criteria to facilitate more objective assessment. Council will set preferences for quality assured tenders.
- d) The criteria should be included as a part of the commercial requirements so that all bidders know clearly the basis on which they are assessed.
- e) The criteria should not be amended, after quotations have been issued. If conditions do change so that change of criteria is necessary, the Evaluation Panel must ensure that all bidders are properly notified. If there are substantial changes to the quotation specifications or criteria, fresh quotations be called.
- f) Prior to close of Quotations, the Evaluation Panel shall meet to determine the weighting to be applied to the advertised criteria.
- g) With no special reason, local supplier preference should not be adopted. In case such preference is taken, it must be made through a formal resolution of the Evaluation Panel with the reasoning behind properly documented. The specification then should clearly document how this policy is to be operated and it must be stated explicitly in the evaluation criteria.
- h) The established criteria should be consistently used throughout the evaluation stage.

The following example forms the basis for the criteria for comparative evaluation of tenders and quotations.

Criteria	Weighting %
<b>Relevant Experience</b> Previous work of this type, references	0 – 10%
<b>Past Performance</b>	0 – 10%
<b>Technical Skills</b> <i>People, systems, specific abilities</i>	0 - 10%
<b>Management Skills and Systems</b> <i>Organisation, insurances, financial viability, quality system, WHS systems</i>	0 - 10%
<b>Methodology</b> <i>Program of works, KPI's, Division into sub contracts, innovative procedures to be used</i>	0 - 10%
<b>Time Performance</b> Likelihood of meeting time frames	0 – 10%
<b>Price</b>	60%
<b>TOTAL (selected criteria not to exceed 100% - Price must be 60%)</b>	100%

## **Selection Criteria**

The lowest price is not automatically accepted, the evaluation process applies weighting for criteria such as, skills, quality, experience and previous performance in a manner to ensure value for money.

To assess quotations, the criteria/s intended to encapsulate the quality of the product or the competence of the organisation to undertake a particular project or task. The selection criteria are used to rate each of the quotations/tenders.

The criteria is a combination of the following:

- relevant experience;
- appreciation of the task;
- past performance;
- management and technical skills;
- management systems;
- methodology;
- product life maintenance costs
- quality
- price, or
- other criteria that relate to the service being contracted.

The evaluation should have a combination of at least four of these criteria plus the price.

All weighting will be nominated in the request prior to it being sent out so contractors/suppliers are aware of how the criteria will be assessed.

## **Relevant Experience**

Previous experience of the supplier/contractor must be assessed, to achieve the intended outcomes of the project. Recent experience is more valuable than historic experience. Information required should include a list of relevant projects undertaken and for each project provide:

- description and relevance to the project;
- role of the supplier/contractor;
- project cost; and
- duration of project.

## **Past Performance**

The organisation's performance in completing past projects to the quality standards required, time performance, within budget, claims history, project management, and product value must be assessed.

Extension to the contract completion date and claims for variations also give an indication of performance capability. Similarly, the satisfaction of previous clients regarding the management of the project and project outcome provide useful subjective information on performance of the tenderer.

The information required should include the following information on each project:

- project name;
- client's project manager (name and phone/fax numbers);
- quality standards, target performance levels;
- tender price, variations and final cost;
- completion date and extensions of time granted; and
- details of WHS and Risk Management records.

## **Technical Skills**

The competence of key management, professional and technical personnel that Council proposes to employ on the project needs to be assessed with particular emphasis on the skills and experience in technical areas comparable to the project.

The information required should include the following details of the proposed project team:

- names;
- function;
- technical expertise; and
- CV's to be provided.

## **Management Skills and Systems**

The availability or personnel of the organisation with appropriate management skills together with effective management systems and methods appropriate to the successful management of the project.

The information required should include the following:

- quality system;
- project management tools;
- program software;
- environmental management system; and
- WHS management system.

## **Methodology**

The procedures or innovative methods the contractor proposes to use to achieve the specified end results, or the special processes detailed in documents. The contractor should be able to demonstrate its capability to bring the contract to a satisfactory conclusion by describing the methodology of approach to accomplish the project's required outcomes.

The information required shall include the following:

- program of works;
- key performance indicators;
- division of works into subcontracts;
- innovative procedures to be used;
- reporting and recording systems; and
- Quality Plan.

## **Documentation to assist in complying with these Procedures**

Documents include Forms 1, 2 and Contract template, successful & unsuccessful tender letters, quotation forms, evaluation forms etc.

The development of templates will be ongoing so that over time procedures are streamlined as far as possible.

It is expected that staff will review these records from time to time to ensure that the relevant documentation is being used.

## **6. TENDERING**

- All staff involved in tendering must read and conduct tenders in accordance with the Tendering Guidelines for NSW Local Government.
- All tenderers must be advised of Council's Procurement and Disposal Policy 1206
- All tender documents must be approved by the relevant Director prior to advertising.
- All value of contract/procurement equal or greater than \$150,000 - \$249,999 will be required to comply with the tendering requirements unless authorised by the General Manager.

### **Prescribed organisations**

In certain circumstances the requirement to tender is not required if Council is availing itself of a contract from a prescribed person under section 55 of the Local Government Act (e.g.: Local Government Procurement of Procurement Australia). Staff utilising Local Government Procurement or Procurement Australia should still ensure that Council is receiving best value.

**Please note:** When using prescribed organisations for purchases greater than \$150,000 an information report outlining the successful bid and the evaluation of the quotations must be presented to the next meeting of Council.

### **Procedures to tender**

It is Council's preference that all tenders are called electronically through Tenderlink. On occasions it may be appropriate to receive tenders in hard copy form at the Tender Box, located at Councils Administration Centre, 137 Oberon Street, Oberon 2787.

A **Tendering Checklist** must be completed for all tenders called in accordance with section 55 of the Local Government Act 1993.

## **7. Training**

Staff, through its on-boarding processes will be made aware of and receive appropriate training in using our Contractor Management Processes. Additional training will be provided to Managers and Directors where responsibility for managing larger contracts is delegated.

## **8. External Providers**

From time to time external contractors specializing in project management will be required to be engaged to deliver projects outside the expertise of individuals within Councils employment. This process will be undertaken at the discretion of the General Manager in consultation with the relevant Director or individual.

## **9. Links to Policy**

Procurement and Disposal Policy 1206  
Contractor Management Policy 1205  
Workplace Health and Safety Policy 2110

## **10. Relevant Legislation**

Local Government Act 1993





## Record of Quotations Form 1

### This Form is to be Used to Record Quotations for Purchases Under \$5,000

Oberon Council  
137 Oberon Street  
OBERON NSW 2787

Telephone: 02 6329 8100  
Email: [council@oberon.nsw.gov.au](mailto:council@oberon.nsw.gov.au)

Description of Goods/Services/Works Required

---

---

Quantity – Number of Units/Hours Required

---

---

### Suppliers Details

	Supplier 1	Supplier 2	Supplier 3
Company/Name			
Address Postal and Physical			
Contact Numbers			
Email			
Contact Person			
Delivery Yes/No			
Price Per Unit			
Total Price			
Comments			

### Selected Supplier

Name

---

Total Price

---

Reason

---

### Delivery Details (If Required)

Place

---

Time

---

Contact Person

---

Contact Number

---

### Officers Details

Officers Name

---

Officers Position

---

Officers Signature

---

Date

---

**This form is to be used to seek approval to purchase when the required number of quotations cannot be obtained or it is not practical to obtain the required number of quotations or to value of project below \$50,000**

Oberon Council  
137 Oberon Street  
OBERON NSW 2787

Telephone: 02 6329 8100  
Email: council@oberon.nsw.gov.au

**Description of Goods/Services/Works Required (Scope and brief Documentation to be provided as part of works/project/contract proposed)**

**Quantity – Number of Units/Hours Required**

**Suppliers Details**

	Supplier 1	Supplier 2	Supplier 3
<b>Company/Name</b>			
<b>Address Postal and Physical</b>			
<b>Contact Numbers</b>			
<b>Email</b>			
<b>Contact Person</b>			
<b>Delivery Yes/No</b>			
<b>Price Per Unit</b>			
<b>Total Price</b>			
<b>Comments</b>			

**Required Number of Quotes Obtained**

**Yes**

**No**

**If less Than the Required Number of Quotes State Reason**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### **Recommended Supplier**

**Name**

\_\_\_\_\_

**Total Price**

\_\_\_\_\_

**Reason**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### **Delivery Details (If Required)**

**Place**

\_\_\_\_\_

**Time**

\_\_\_\_\_

**Contact Person**

\_\_\_\_\_

**Contact Number**

\_\_\_\_\_

### **Officers Details**

**Officers Name**

\_\_\_\_\_

**Officers Position**

\_\_\_\_\_

**Officers Signature**

\_\_\_\_\_

**Date**

\_\_\_\_\_

### **Approved/Not Approved**

**Approved**

**Yes**

**No**

**Date**

\_\_\_\_\_

**General Manager/**

**Director Name**

**Position**

\_\_\_\_\_

**Signature**

\_\_\_\_\_