

Commercial and Financial Risks in Today's market

**Ensuring Competitiveness and
Minimising Risk to Council below
Legislated Tender Thresholds**

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Key Themes

- Understanding your Councils procurement thresholds / requirements
- Undertaking a basic risk assessment prior to conducting a procurement process
- Designing a simple procurement process with risk minimisation, value for money and efficiency in mind

CoGG Procurement Thresholds

Council's Procurement Thresholds Table (GST Exclusive)

Financial Threshold (AU\$, excl GST)	Requirements				
	Process managed by	Market engagement	Payment process	Agreement type	Documentation
<\$5,000	Business Unit (<100,000)	1 oral quote	Petty cash P-Card	PO	Record quote
\$5,000-\$25,000		1 written quote	PO Purchase w/out PO*	PO or contract defined by Contract Risk Matrix	
\$25,000-\$135,000 (Goods/Services)	Risk Assessment by Business Unit or Procurement Services	3 written quotes	Oracle	PO or contract defined by Contract Risk Matrix	Evaluation report
\$25,000-\$180,000 (Works)					
>\$135,000 (Goods/Services) > \$180,000 (Works)	Procurement Services	Tender		Contract	

Procurement Basic Risk Assessment

- Purchase supply and delivery
- Supplier
- Financial
- OHSE
- Procurement Process

Services Risk

The risk matrix below has been developed to assist you identifying whether or not your intended purchase is a high or low risk (you only need to select one). High Risk activities may need a set of standard terms of conditions to be incorporated into the procurement process.

<p>1. Purchase supply and delivery (risks at the fulfilment stage of the contract)</p>	<p><input type="radio"/> Yes Failure to meet agreements, project delays, incorrect advice, delays or industrial action , high number of subcontractors, warranty/indemnity claims EG: Maintenance agreements, consultants, IT maintenance (applications), traffic management</p> <p><input type="radio"/> No No significant risks identified EG: minor general maintenance (plumbing, refurbishment etc)</p>
<p>2. Supplier (risks driven by the supplier or market)</p>	<p><input type="radio"/> Yes Service level risk, lack of availability, history of poor performance, limited experience, due diligence requirements EG Cleaning, plumbing, significant professional services</p> <p><input type="radio"/> No Reliable supplier, history of good performance , market competition EG: Minor general maintenance (plumbing, refurbishment etc)</p>
<p>3. Financial (risks due to pricing/commercial issues)</p>	<p><input type="radio"/> Yes Potential contract variations, instability of supplier/industry, cost fluctuations, rise/fall pricing, length of commitment, progress payment, high proportion of subcontractors , security deposits, potential damage to 3rd parties EG Waste management, grants and contributions, council events</p> <p><input type="radio"/> No Easily available, short term commitment, local, stable supplier/market, one off payments EG: Minor professional services, department specific training</p>
<p>4. OHSE (risks due to Occupational Health Safety and Environment)</p>	<p><input type="radio"/> Yes High Risk task list as defined in attachment 1 – CONTRACTOR OHS SYSTEMS ASSESSMENT EG: confined space entry, working at heights, heavy plant /equipment, construction, trenching /excavation, contaminated materials,/land, demolition, exposure to asbestos or hazardous chemicals or blood/body fluids, dangerous goods, frequent hazardous manual handling, frequent threats of violence, working on roads/verges, exposure to electrical hazards, working in/over water, hot work, tree felling, working with explosives, subcontracting, other significant hazards</p> <p><input type="radio"/> No Not subject to specific legislation and regulation , OHSE certification EG minor professional services, department specific training</p>
<p>5. Procurement Process (risks during the procurement / tender stage of the contract)</p>	<p><input type="radio"/> Yes Specific risks identified which are likely to have a significant impact on the procurement / tender stage of the contract. EG: Tight timelines for procurement stage, high profile project / service, issues noted last time the project / service was tendered, funding impacted by tender timelines, large number of tender submissions expected.</p> <p><input type="radio"/> No Standard procurement process with no specific risks / issues identified.</p>

City of Greater Geelong Quotation System

- Ensures compliance to Councils procurement requirements
- End to end quote workflow management
- Captures key documentation / decisions
- Pre-population of templates
- Automation of approvals
- Reporting functionality
- Mandatory to use for purchases over \$25K
- Usability and user acceptance

Record of Quotation

This form is to be used when going out to quote for goods, works and services that do not require tender.

Fields marked with * are required

* Purchase Type:
* Value:
* Risk: [Use Risk Matrix to determine level](#)

Quotation Req: 1 Written Quote (min)

Agreement Req: Standard Purchase Order

* Would you like to use the Simple Quote Template?:

Yes No


* Contract Type: Fixed Price Lump Sum Schedule of Rates


Responsible Officer

* Name:


 Tony Kerr (05101)

Co-ordinator Procurement Services

 Administration & Governance

 TKerr@geelongcity.vic.gov.au

 4303

 City Hall

Manager: John Brown

General Manager: Jeff Wall

Procurement Details

Quotation Number: Q1450054

* Quotation Name:

* Description: Please provide a brief description of the goods, works or services being



Consultancy services - Civil - Gheringhap st drainage upgrade

* Quotation Category: Please select the category that best describes this procurement:
Please Select

* Send Date: 7/05/2014 - Date the quote will be sent to suppliers

* Close Date: 21/05/2014 2:00 PM - Date Quotations will be closed

* Safety: Will the quoter be required to submit details of their OH&S system?
 Yes No

Summary of Quotes

All officers have a responsibility to check the [Preferred Supplier System](#) prior to the engagement of a supplier. If after checking you still require relevant insurances, licences and safety plans where applicable. The Preferred Supplier System can also be utilised to identify suppliers to

Recommendation

Comments: If necessary, provide details on why the other quotations are not recommended, particularly if you are not recommending the lowest-priced quotation:

Workflow(s)

Add Approver:

Additional Documents/Notes

CoGG's Quotation Process – The Engineering Services Perspective

- Application of System
- Changes to Procurement Methods
- Benefits

Thank you