

Procurement Policy

NUMBER TI-A-169

VERSION 2

AUTHORISED BY Deputy Secretary, Finance Strategy & Operations

AUTHORISED DATE 31/05/15

ISSUED BY Corporate Operations

EFFECTIVE DATE 31/05/15

Policy Statement

Provide clear guidance to staff on their procurement responsibilities to ensure that when procuring goods and services the department achieves value for money and has robust processes to avoid corruption.

Scope

This policy applies to employees of NSW Department of Industry and may be adopted by cluster agencies.

Requirements

1. *All staff must comply with the procurement thresholds, delegations, approval processes and checklists on the intranet. This will ensure that you:*
 - a. Comply with the procurement processes for different expenditure thresholds. In certain circumstances more streamlined processes are available as set out in this policy.
 - b. Do not commit government funds unless you have approval from an appropriate delegate under the Public Finance and Audit Act 1983. Staff must not call for quotes or request tenders unless in-principle approval for the estimated spend has been obtained.
 - c. Do not make a procurement decision unless you have the required 1procurement delegation.
 - d. Use a government contract or scheme if one is available.
2. *Value for money must be obtained*
 - a. Both price and non-price factors must be evaluated when deciding which quote or tender response to accept. The reasons for this decision must be documented and retained.
3. *Probity, transparency and accountability must be achieved*
 - a. The department's policies in relation to conduct, gifts and benefits, managing and declaring conflicts of interest and fraud and corruption must be complied with. If you have an interest (or potential interest) in the good or service being procured, you must disclose this as soon as possible in accordance with the relevant policy. Depending on the nature of the issue, you may be required to for example, remove yourself from the procurement process entirely including avoiding access to any procurement documentation, avoid involvement in the process of selecting the successful supplier, or simply declare and document the potential interest.
 - b. Maintaining the confidentiality and security of all documents is essential. Ensuring tenders are submitted to a secure email address is only one aspect of this. Physical security of all tender documentation is also critical. Contact the Chief Procurement Officer if more information is required.
 - c. It is essential that all potential suppliers are treated consistently during the tender or request for quote process. If there is a need for clarification or provision of further information, this should be done in a way that ensures no party is treated preferentially in terms of the information

1 https://intranet.industry.nsw.gov.au/___data/assets/pdf_file/0017/6281/procurement_delegations.pdf
(Internal use only - refer to intranet)

received or the timing of the provision of information. Contact the Chief Procurement Officer if more information is required.

- d. Order splitting is prohibited and may lead to disciplinary action. Purchase orders must not be split into components or a succession of orders for similar or related goods. If it is known or should have been known that a number of similar or related goods or services will be required in the foreseeable future, the total value of all these goods or services must be used for the purposes of determining the procurement threshold and required approval level and processes.

4. *Simplified processes apply in certain circumstances*

- a. In certain circumstances, the processes and procurement thresholds on the intranet may be inappropriately onerous. This may be due to a range of factors, including for example the specialised nature of the good or service, the limited number of suppliers who meet specialised requirements, the location where the good or service is required (for example, remote or regional locations), the low value or high number of the required transactions etc.
- b. In certain circumstances, a manager can consent to a direct negotiation with a single supplier. Certain circumstances may include for example the specialised nature of the good or service, the limited number of suppliers who meet specialised requirements, the location where the good or service is required (for example, remote locations). Where this is the case, managers will be accountable for whether the process followed achieves value for money, is robust, and cannot be perceived as corrupt or favourable behaviour. Where certain circumstances such as these exist, and the estimated spend is greater than \$150,000, a procurement strategy for that particular good or service must be jointly approved by the Chief Procurement Officer and the relevant procurement delegate. The strategy must describe the circumstances and the alternative process that is being proposed.
- c. In emergencies, urgent action may be required that is not consistent with the usual timeframes for requesting a quote or tender. Where this is the case you must notify the Chief Procurement Officer of the nature of the emergency and the goods or services required. Where a need is foreseeable, failure to commence appropriate procurement action in a timely manner does not constitute an emergency.
- d. The procurement thresholds may not apply when buying goods or services from National Disability Service Providers or Supply Nation indigenous service providers. Staff must comply with the relevant procedures and checklists on the intranet.

5. *Additional requirements may apply in certain circumstances*

- a. Additional requirements may apply when buying certain goods or services. You should:
 - i) Obtain approval from the General Counsel or the Manager External Legal Procurement for all procurement of external legal services.
 - ii) Obtain approval from a level 2 delegate for all procurement of contingent labour.
 - iii) Not undertake procurement for construction purposes without the approval of the Chief Procurement Officer.
- b. There are a range of other product categories where restrictions apply. These include for example fleet, dangerous goods, property and land transactions, travel, utilities etc. If you are considering procuring high risk or high value goods or services please contact Strategic Procurement.

Procedures

1. This policy and the procedures and checklists on the procurement pages of the intranet must be complied with. This includes additional procedures that may be approved by the Deputy Secretary Finance Strategy & Operations in relation to procurement of contingent labour, information and communications technology and legal services.
2. Where an approved procurement strategy is in place under paragraph 4(a) above, the procedures and checklists on the intranet continue to apply except as expressly varied by the procurement strategy for the specific goods or services in the specified circumstances (such as time period, value or location).
3. Where an emergency has arisen, the procedures agreed between the relevant branch head and the Chief Procurement Officer will apply. At the earliest practical time, these procedures must be

documented in writing. Where emergencies are foreseeable or recurrent these procedures may be documented as an approved procurement strategy that applies in emergency situations.

Roles and responsibilities

- All staff:
- Must ensure that they are aware of and comply with all departmental procurement requirements including this Policy and the spend thresholds, approval processes and checklists on the intranet before taking any procurement action (including talking to any suppliers).
- Financial delegates:
 - must ensure that proposed expenditure is consistent with the relevant budget (including expenditure that has been legally committed but not yet occurred) and the division's priorities
 - must refer the matter to the Chief Information Officer, Executive Director People Learning & Culture, Chief Procurement Officer or the General Counsel if the matter relates to ICT purchases, contingent labour, construction or legal services.
- Procurement delegates:
 - are responsible for making the procurement decision, documenting the reasons for the decision, ensuring that all required approvals have been obtained and ensuring that all required documentation is entered into SAP.
 - must, where a non-compliant procurement process has been identified, notify the Chief Procurement Officer in writing of the details of the non-compliance.
- Chief Procurement Officer:
- The Chief Procurement Officer is responsible for providing definitive advice on procurement matters including in relation to probity; approving procurement strategies to streamline procurement processes; approving proposals for construction procurement (unless this is covered by an approved procurement strategy); reporting serious breaches of procurement requirements to the Secretary.
- Secretary:
- The Secretary is responsible for determining the appropriate disciplinary action in relation to breaches of procurement processes.

Safety considerations

Staff must ensure that all goods and services comply with relevant work health and safety requirements. Where there are particular risks associated with goods or services staff must ensure that the handling, storage and use of the goods or service are undertaken in accordance with their divisional and/or branch Operational Safety Plans.

Delegations

- Financial delegations
- Procurement delegations
- Human resource delegations

Definitions

- Committing funds means to undertake to incur expenditure or to pay money.
- Construction purposes covers a broad range of areas, including all organised activities concerned with planning, specifying, demolition, building, landscaping, major maintenance, civil engineering, process engineering, mining and heavy engineering; building refurbishment or fit out, installation of building security systems, fire protection systems, air conditioning systems, computer and communication cabling, building and construction of landscapes. This excludes regular minor maintenance activities such as cleaning, lawn mowing and maintaining building systems (such as lighting and air-conditioning).
- Intranet means the NSW Department of Industry intranet
- Procurement means the action of obtaining or procuring something. It does not include departmental grants, subsidies or sponsorship arrangements unless there is procurement associated with those arrangements.
- Procurement action means any activity or processes undertaken to obtain or procure something.
- Procurement decision means any approvals or decisions to purchase goods or engage services.
- Value for money means the benefits compared to the whole-of-life costs of a good or service, and includes an evaluation of both price and non-price factors.

- Procurement delegations show the level of management or Executive that must approve the procurement function being proposed, based on the estimated value of the procurement
- Information and Communications Technology (ICT) is a device which connects to, or software which is hosted on a device connecting to, the NSW Department of Industry ICT network, managed by Business & Technology Services. This excludes peripheral devices connecting to a computer via a USB drive.

Legislation

- Government Information (Public Access) Act 2009
- Public Finance and Audit Act 1983
- Public Works and Procurement Act 1912

Related policies

- TI-A-130 Code of Conduct
- TI-A-131 Motor vehicle fleet management policy
- TI-P-122 Gifts and benefits policy
- TI-P-142 Conflicts of interests policy
- TI-P-146 Fraud and corruption prevention policy
- TI-A-160 Travel policy
- TI-A-161 Purchase Cards
- TI-A-153 Records Management policy
- NSW Government Procurement Policy Framework
- Procurement Board Directions

Other related documents

- Procurement Function Strategy
- Procurement Management Plan

Superseded documents

This policy replaces:

- A-020 Purchasing and procurement
- A-028 Tendering
- A-034 Contracts
- TI-A-169 Procurement Policy Version 1

Revision history

Version	Date issued	Notes	By
1	31/05/15	New policy - clear guidance to staff on their procurement responsibilities	Director Procurement and Chief Procurement Officer
2	6/1/16	Minor edits	Director Procurement and Chief Procurement Officer

Review date

31/01/17

Contact

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