

PROCUREMENT OF GOODS AND SERVICES

POLICY

This Policy applies to all EPD staff involved with the procurement of goods and services and outlines the procedures to be undertaken for EPD purchases and when to engage ACT Procurement Solutions to provide assistance in these matters.

EPD must adhere to the procurement legislation and policies as outlined in the ACT Government Procurement Framework and Policy Circulars issued by Shared Services.

The *Government Procurement Act 2001* prescribes that a Territory entity must pursue value for money when undertaking a procurement activity while having regard for:

- probity and ethical behaviour;
- management of risk;
- open and effective competition;
- optimising whole of life costs;
- environmental issues; and
- anything else prescribed by legislation.

RATIONALE FOR POLICY

The Directorate has a responsibility to ensure that public funds are spent efficiently, ethically and in accordance with legislative requirements.

RESPONSIBILITIES AND ACCOUNTABILITIES

The primary responsibilities and accountabilities in relation to the procurement of goods and services rest with the Director-General, and other staff are then authorised to spend public money in accordance with the following:

Position	Responsibility
Executive	<ul style="list-style-type: none">• ensure that the Directorate's purchasing procedures meet the requirements outlined in the legislation and circulars issued by Shared Services Procurement and endorsed by the Government Procurement Board; and• have review processes in place to ensure that the purchasing procedures are being followed.
Requester	<ul style="list-style-type: none">• identify the need for the goods or service;• ensure that the purchase is in the best interest of the Directorate; and• obtain necessary quotes / tenders (depending on the sum involved) to ensure that value for money is obtained.
Approver	<ul style="list-style-type: none">• ensure the proposed purchase is for a legitimate business purpose, that the proposed purchase is efficient, economical and ethical (i.e. value for money) and complies with relevant legislation, regulations and the Directorate's Certified Agreement; and

	<ul style="list-style-type: none"> accountable for the exercise of their delegated authority and any decisions made in accordance with these procedures.
Receiver	<ul style="list-style-type: none"> ensure that the supplier has delivered the good or service in a satisfactory manner.

NON-COMPLIANCE

Failure to comply with these procedures may result in inefficient or inappropriate use of public monies including fraud.

Staff are therefore accountable to the Director-General for the fulfilment of their responsibilities under these procedures. Non-compliance will be taken as a serious matter and may result in disciplinary action or be reflected in performance reviews.

PROCEDURAL RULES

These procedural rules are for all staff involved in the procurement process.

The following procedures are addressed by these guidelines:

- Using an existing Whole-of-Government contract or panel arrangement
- Thresholds
- procurement processes for purchases less than \$200,000
- pre-purchase requisition and approval
- receiving of goods and service
- procurement processes for purchases over \$200,000
- exemptions
- contractors and consultants
- obtaining value for money
- achieving open and effective competition
- probity and ethics
- optimising whole of life costs
- risking management
- recording of assets purchased
- loss or damage
- publication of purchasing information

Using an existing Whole-of-Government contract or panel arrangement

The easiest and simplest way to buy goods and services is from a contracting arrangement that has already been set up. These are contracts that have been through a procurement process that has assessed the quality and ability of suppliers - see [Whole-of-Government Contracts](#). The use of a Whole-of-Government contract is mandated where such a contract exists that meets your requirements.

Thresholds

The ACT Government has set thresholds for purchasing with different processes that must be followed for each threshold as per the following:

Purchase Type	Threshold	Quotation requirements
Utilise an existing contract, irrespective of the expected cost.	N/A	N/A
Basic Purchasing	less than \$25,000 (inc. GST)	seek at least one oral quotation
Simple Purchasing	between \$25,000 and \$200,000 (inc. GST)	seek at least three written quotations
Complex Procurement	over \$200,000 (inc. GST)	invite public tenders

Refer [ACT Government Procurement Framework](#).

Procurement Processes for Purchases less than \$200,000

The process for procurement involves two stages:

- pre-purchase requisitioning and approval—involves identifying the need for a good or service, assessing the risks, obtaining approval for the purchase, and ordering the good or service, and
- the receiving of goods and services.

Pre-purchase Requisitioning and Approval

Step	Action
1	Identify the need for the good or service and seek approval from the authorised delegate to obtain quotations.
2	Prepare procurement plan. For procurement proposals valued between \$25,000 and \$200,000, a simplified procurement plan should be prepared, and is available from Shared Services Procurement.
3	Assess the risks. A Risk Assessment should be conducted for all purchases, particularly where a Whole-of-Government contract does not exist. The Shared Services portal provides information on conducting risk assessments.
4	Seek quotations as per the Shared Services Thresholds (see above).
5	Obtain approval from an authorised delegate for the purchase of the good or service. The delegate must seek to obtain the best value for money for the Directorate based on the assessment of quotations received, while seeking to advance the procurement principles listed within this instruction.
6	Approver must document and file their decisions and the basis for them, including correspondence with potential/selected suppliers.
7	Place an order with the supplier of the goods or services.

Note credit card purchases are not covered by the process above. Specific guidelines are set out in DGFI - Credit Cards.

Receiving of Goods and Services

Step	Action
1	Good or service is received as requested.
2	Good or service is checked to ensure that it is satisfactory.
3	Sign-off invoice (when received) to confirm that good or service has been received and is acceptable.
4	Submit the signed invoice to the approver for approval.
5	Forward approved invoice to Shared Services for payment.

Procurement Processes for Purchases over \$200,000

Procurements over \$200,000 must be undertaken by Shared Services.

Exemptions

In accordance with the *Government Procurement Regulation 2007 section 10*, in certain circumstances, the Director-General may exempt, in writing, the Directorate from complying with the quotation and tender threshold requirements, but only if the benefit of exemption outweighs the benefit of complying with the procurement policy. Refer Shared Services [‘About Purchasing’](#) and Circulars for further information.

Contractors and Consultants

Special provisions apply to the use of contractors and consultants. For further details refer DGFI - Engagement of Contractors / Consultants.

Obtaining Value for Money

When evaluating suppliers’ quotations / tenders, value for money considerations must be assessed in the context of:

- the costs and benefits involved on a whole-of-life costing basis, through the calculation of net present values;
- the suppliers relative performance against the other procurement principles and how this may impact on the costs and benefits of their proposal;
- the ability of the product or service to meet the Directorate’s technical and service level requirements and provide flexibility for evolving requirements;
- the capability and financial viability of the supplier to perform the contract; and
- ensuring the contractual arrangements are appropriate to protect the Directorate.

All purchasing is to be conducted in an environment where “open and effective” competition is a prime operating principle. The objective of this principle is to ensure equality of treatment to potential suppliers and the highest level of cost effectiveness in the procurement outcome.

Achieving Open and Effective Competition

Open and effective competition is to be achieved by:

- publishing forward procurement plans;
- obtaining an appropriate number of quotations;
- inviting tenders publicly (generally for purchases in excess of \$200,000);

- publicly displaying the names of tenderers as soon as possible after the tender closure;
- publicising the details of contracts on the Contracts Register, accessible from the Shared Services Procurement website; and
- providing appropriate information and feedback to suppliers, particularly those that have been unsuccessful in making an offer.

Probity and Ethics

Probity is defined as: integrity, uprightness, honesty.

Officers involved in purchasing activities are to:

- act with honesty and maintain the highest ethical standards in all business dealings;
- disclose to the Territory any form of current or prospective personal interest that might create a conflict of interest;
- give full consideration to ensuring privacy protection.

Depending on the complexity and sensitivity of a procurement activity, it may be appropriate to engage either a probity adviser, or a probity auditor, or both. A probity adviser provides independent advice during a procurement activity. A probity auditor provides a greater transparency and accountability by auditing procurement processes to verify that they were consistent with legal requirements, government regulations, policy, principles and best practice guidelines.

Optimising Whole of Life Costs

ACT Government officers undertaking purchasing activities are required, as part of pursuing value for money, to undertake an assessment of the whole of life costs of a purchase of goods, services and works. Whole of life costing takes into account all the risks, costs and benefits incurred across the entire procurement cycle – acquisition, maintenance, operating costs, training and disposal. For more information refer to Shared Services Procurement '[Purchasing Principles](#)'

Risk Management

Assessing risk is an important part of planning a procurement. In doing this you are trying to identify those things that can go wrong. For example you fail to adequately define your requirements or you have inadequate resources to manage a contract. A risk plan allows you to take actions to minimise both the likelihood of the event occurring and the consequences if it does.

You should perform a risk assessment for each purchase. This can be a fairly simple process of answering some questions about your purchase, or it can be a much more thorough examination based on the need of your purchase.

If you assess the risks and find that they are too high to manage you can [contact ACTIA](#) to assist you or you can [contact Shared Services Procurement](#) and discuss how to proceed with the purchase.

More information on completing risk assessments is available from Shared Services.

Loss or Damage

If any items are lost or damaged or any deficiencies occur after the items are delivered and accepted a loss and damage report is to be completed immediately and forwarded to the Manager.

Publication of Purchasing Information

There is a requirement to publish procurement details for notifiable contracts (i.e. those with a value of \$25,000 or greater) on the ACT Government Contract Register website (<http://www.procurement.act.gov.au/contracts>). Shared Services Procurement publishes contracts (less agreed confidential text) on behalf of Territory entities.

Reporting Responsibilities

Executive / Managers are responsible for:

- ensuring that either a copy of the notifiable contract (with agreed confidential text removed), or sufficient details of the contract is placed on the Contracts Register, accessible from the Shared Services Procurement website, within twenty-one (21) days of execution (*Government Procurement Act, Section 30*);
- reporting to the relevant Legislative Committee on a six-monthly basis on the notifiable contracts that were published with agreed confidential text removed (*Government Procurement Act, Section 39*); and
- reporting on contracts with a value of \$25,000 or more in the Directorate's Annual Report (Refer to the Annual Report Directions).

REFERENCES

Source	Description
FMA	s31
FMA Regs/FMOs	n/a
Other legislation/regs	Government Procurement Act 2001 Government Procurement Regulation 2007
Related DGFIs	Delegation of Authority Engagement of Consultants Engagement of Contractors Credit Cards
Related Guidelines	EPD Financial Delegations ACT Government Procurement Framework Procurement Policy Circulars