

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE – QUESTIONS ON NOTICE 2003-2004 SUPPLEMENTARY ESTIMATES HEARING

Outcome: CSIRO
Output Group: - CSIRO

DEST Question No. E573_04

Senator Carr asked on 5 November 2003.

Question:

Under what circumstances does CSIRO not have to go to tender for consultancies?
Is there a dollar value, or do other conditions apply?

Answer:

CSIRO has provided the following response.

Consultancies

The current CSIRO guidelines (amended January 2003) do not prescribe a specific procurement method for engaging consultancies, although the method used must always meet the principles detailed in CSIRO's Procurement Policy (CSIRO Financial Directions), as outlined below.

A variety of methods could be applied, including request for information, expression of interest and open or restricted tendering. The buyer must consider the requirements and existing market conditions of each procurement, and select a procurement method on its merits.

CSIRO procurement policies and procedures, in particular the core principle of value for money, apply to the engagement of all contracts for services. The quotation thresholds in the CSIRO Procurement Policy are provided as a guide to the delegates.

Some factors that determine the procurement method are:

- the complexity of the business case;
- the planning required to complete the purchase;
- the specifications;
- research and knowledge of the market;
- competition in the marketplace;
- estimated purchase and whole-of-life costs;
- purpose and circumstances of use of goods or services being acquired.

The key obligation of the delegate approving the transaction is demonstration of value for money to CSIRO and adherence to the underpinning principles. The delegate must approve the selected procurement method, including the number and selection of suppliers, the assessment of value for money, and the proposed expenditure, and be satisfied that real or apparent conflicts of interest have been addressed before any order is placed. The approval and all supporting information must be documented and filed.

Value for money is supported by the underpinning principles of:

- whole-of-life costs - every procurement is subject to the value for money criteria based on whole-of-life costs;

- efficiency and effectiveness - delegates must satisfy themselves that the proposed expenditure makes efficient and effective use of CSIRO money;
- accountability, transparency and reporting - staff conducting procurement activities are answerable and accountable for their plans, actions and outcomes that involve the incurring of CSIRO expenditure;
- ethics and fair dealing - staff conducting procurement activities must do so in a fair and reasonable manner and with integrity;
- adherence to Government legislation - CSIRO must comply with all relevant Government legislation and directives.

If the quotation thresholds are not met, then a complete explanation must be documented in the relevant file so that any queries from suppliers or other interested parties may be answered. Justifiable reasons include:

- where it is inexpedient to obtain quotations or seek proposals through a tender process for reasons of emergency or otherwise in the interests of the organisation and there is insufficient time to seek quotations or proposals;
- where there is a sole source of supply, for example, accessories for an instrument which are available from only one supplier;
- where there is recent valid evidence of the source of best value for money, and obtaining quotations would not be cost effective;
- where there are industry or professional fees that can be used as a substitute for direct quotations;
- where an existing government contract can be used;
- where it is impracticable to obtain quotations or seek proposals, for example, experimental animals.

Every procurement is subject to the value for money principle, regardless of the number of quotations or proposals obtained, or the procurement method selected.

Prior to January 2003, there was less discretion around the choice of procurement method and compliance with quotation thresholds. Procurements over \$50,000, which were not subject to an open or restricted tender process, required the delegate to approve a Certificate of Exemption from Tendering. The practice of calling for Expressions of Interest was however a recognised and approved manner of testing the market and under such circumstances formal tenders for each transaction were not necessary.