

Attachment A

HSA Group ▾

Health For Industry ▾

Work Solutions ▾

Travel Dr ▾

Search

## FIN 3 - Purchasing Procedure

HSA  
Group

27 August 2004 Previous: 15.01.04 / 18.12.03 / 16.12.02 / 02.03.01

<b>Author</b>	Graeme James
<b>Authorised by</b>	Bob West
<b>Purpose</b>	To outline how the purchasing of goods and services will be undertaken within the HSA Group on a national basis.
<b>Scope</b>	This procedure outlines the processes for the purchasing of goods and services within the HSA Group from identification of requirement of goods/services to the acceptance of goods.
<b>References</b>	Company Policies SAP Manual Government Business Enterprise (GBE) Governance Arrangements Board approved delegation schedule ACCC – Australian Competition and Consumer Commission Commercial law
<b>Definitions</b>	<p><b>Contract:</b> A legally binding agreement for the provision of goods or service under specified terms and conditions.</p> <p><b>Consultant:</b> externally sourced expert skills.</p> <p><b>Critical supplier:</b> The supplier of goods or services whose failure would severely impede the Group's ability to provide services.</p> <p><b>Delegate:</b> A nominated officer or position authorised by the HSA / Subsidiary Board to spend company money.</p> <p><b>Purchase order:</b> An Intranet generated form authorised by an appropriate delegate committing the Group to the procurement of specified goods or services.</p> <p><b>Quality:</b> The totality of features and characteristics of a service or product which satisfies stated or implied needs of clients/customers.</p> <p><b>Quotation:</b> Verbal or written offers for the provision of goods or services.</p> <p><b>Supplier:</b> Company or person who supplies the Group with products or services.</p> <p><b>Sole supplier:</b> Only one supplier exists.</p> <p><b>Staged purchasing:</b> Where it has been agreed that goods and services will be provided at agreed times throughout a project.</p> <p><b>Tender:</b> A document, which is, clearly defined and has specified requirements.</p> <p><b>Value for money:</b> Relative costs must be assessed against the longer term benefits of the purchase which might accrue from higher initial outlays (for example better quality, cheaper whole of life costs). The general criterion is to minimise the total "cost of ownership" of an item being acquired, over its</p>

	<p>entire estimated life.</p> <p><b>Whole of life costs:</b> ie a small difference in the unit cost of maintenance and consumables over the life of an item such as a photocopier can outweigh surprisingly large differences in the initial purchase cost of an item.</p> <p><b>Occupational Health and Safety (OH&amp;S):</b> Independent contractors and their staff will comply with all laws and any directions by a company in the Group or our clients regarding OH&amp;S.</p>
<b>Line Manager</b>	Has the responsibility to authorise or directly purchase goods or services up to the level of their delegation.
<b>Manager Facilities and Services</b>	Has overall specialist responsibility for advice and performing contracting and purchasing functions.
<b>All Staff/Other</b>	Understanding and observance of procedure and work instruction.

**National Contracts**

For some items regularly purchased by the HSA Group, national contracts with a particular supplier will be negotiated. Normally these contracts will contain volume discounts and accordingly, where national contracts exist, it is expected that all purchasing will be made under the contract to ensure that the full benefit of the discount is obtained. For all national contracts contact the Manager Sales and Contracts TMVCI. Where contact is by Email or Facsimile the originating office name is to be included to allow TMVCI staff to identify the office raising the query. A committee comprising the Manager, Facilities & Services, a designated Executive appointment and the Manager Sales and Contracts TMVCI selects all national contracts.

**Identification of requirement & company purchasing benchmarks**

The company has five benchmarks for purchasing:

**Under \$2,000.00**

The decision will be left to the discretion of the appropriate Delegate but the general rule would be to use existing, established suppliers who have in the past provided acceptable services at competitive prices. Competitive quotations need not be obtained unless there is a wide diversity in the market and the Purchasing Officer is unaware of prevailing prices. The delegate should document their decision on the relevant record.

**Purchases \$2,000 to \$20,000**

Competitive quotes should be obtained unless there is a national contract or only one recognised supplier. Oral quotes should be noted on file. It is important that open competition is fostered. The emphasis in a particular decision is on outcomes, results and value for money, not simply the cost. The whole of life equation of the purchase must also be considered. The delegate shall document their decision on the relevant record.

**Purchases over \$20,000**

To ensure openness and fair dealing, competitive quotes (in writing) should be sought. Exception should only occur where there is a national contract or only one recognised supplier or where only the product of one company can be considered (e.g. enlarging existing computer network). The delegate shall document the decision in the relevant record.

**Purchases over \$75,000 (major procurement)**

All major purchases must be identified in advance and purchasing officers should seek budget allocation for running costs and project funds. The appropriate delegates must approve approval for purchase of all major procurements. Full tendering procedures for purchases over for \$75,000 are to be applied in accordance with this procedure and Tender

Requests and use of Tender Box Guidelines.

Board approval is required for purchase over \$200 000. Guidelines for preparation of briefing papers for the Board should be followed.

In the event of unsatisfactory or exceptional supplier performance, complete the Supplier Performance Feedback form and forward it to the Sales Manager TMVCI.

### **NATIONAL CONTRACTS**

For some items regularly purchased by the HSA Group, national contracts with a particular supplier may be negotiated. Normally these contracts will contain volume discounts and accordingly, where national contracts exist, it is expected that all purchasing will be made under the contract to ensure that the full benefit of the discount is obtained. For details of national contracts contact the Manager, Facilities and Services in Head Office. A committee comprising the Manager, Facilities & Services, a designated Executive appointment and a nominated company specialist selects all national contracts.

In the event of unsatisfactory or exceptional supplier performance, complete the Supplier Performance Feedback form and forward it to the Manager, Facilities & Services.

### **EXCLUSIONS**

The following services are excluded from normal purchasing procedures and are designated to the following specialist areas for procurement.

Employee and contract staff must be engaged through the General Manager ACT & Support Services.

All Travel Service Contracts must be arranged through the General Manager ACT & Support Services

All office lease negotiations and contracts must be arranged through the Chief Financial Officer in consultation with the General Manager ACT & Support Services

Major Information Technology (IT) & communications requirements must be procured under the direction of the Chief Information Officer & Manager, Facilities & Service and a nominated purchasing committee member.

All media advertising contracts must be coordinated through the Company Secretary.

A Business Acquisition will be coordinated through the Company Secretary with approval from the Board.

All insurance contracts must be co-ordinated through the General Manager ACT & Support Services.

Where there are strategic considerations the Managing Director may vary any purchase procedure at his/her discretion.

### **OCCUPATIONAL HEALTH AND SAFETY (OH&S)**

Independent contractors undertaking work on HSA Group sites such as renovations, installation of plant and equipment and all other service delivery situations must undertake to comply with all laws, company policies and any directions by the responsible member of the Group or our clients regarding OH&S..

### **Records**

1. Tender Documents
2. Verbal and Written Contracts
3. Verbal and Written Agreements
4. Purchase Order - HSA Group

5. Purchase Order - WSA
6. Quotations
7. Exchange of Letters
8. Supplier Performance Feedback
9. Preferred Suppliers

---

[Back to top](#)

HSA Group

Health For Industry

Work Solutions

Travel Dr

Search

# FIN 4 - Probity and Procurement Process



06 September 2005

Previous: 31.08.2000 Version 1.0

<b>Author</b>	Bob West
<b>Authorised by</b>	Manager Support Services

<b>Purpose</b>	The HSA Group is committed to providing an environment in which employees are able to develop and maximise their skills and experience for the benefit of the company, clients and their continuing professional development.
<b>Scope</b>	This procedure applies to staff involved in tender administration within the company.
<b>Line Manager</b>	To ensure that staff involved in the tender process are aware of probity issues associated with the administration of tenders and staff complete an Acknowledgment of Obligation Agreement
<b>Mgr Service &amp; Quality</b>	Nil
<b>All Staff/Other</b>	To ensure they follow the necessary probity guidelines in handling tenders

## PROBITY AND THE PROCUREMENT PROCESS

**Introduction:** The procurement process should be able to stand up against intense ethical and financial scrutiny. The purpose of this information sheet is to consolidate and detail the probity issues relating to procurement of goods and services from external suppliers.

### What is Probity?

Probity is a process to ensure:

- conformity to established procurement processes, that is, procedural integrity, accountability,
- integrity in the evaluation and selection processes,
- the quality of, and adherence to the tender documentation,
- defensibility of all decisions and actions against legal challenge, and
- commercial competition is encouraged on the basis that all bids are to be evaluated on the same criteria.

The aim of the probity process is to achieve a justifiable outcome while the process should be flexible enough to ensure the best tender can be selected.

**Acknowledgment of Obligations:** All staff involved in the letting and monitoring of tenders are to complete an Acknowledgment of Obligation Agreement.

### Probity Issues in the Procurement Process

#### Conflict of Interest

A conflict of interest includes any circumstance where an individual's relationship with a supplier/bidder acts against the interests of the organisation. Conflict of interest is not necessarily unethical unless its occurrence is hidden and not acted upon. Any perceived actual or potential conflict of interest should be disclosed at the outset of the tender process.

Everyone involved in the procurement process should be made aware of and understand their obligations to disclose any potential or actual conflicts. Therefore all personal, family or financial connections with any organisation tendering should be disclosed. All gifts which could be perceived as influencing the tender process, including free or concessional entertainment, travel or accommodations should be avoided.

All contact with the bidders outside the business relationship during the tender submission, evaluation, decision-making and contract negotiation process should be limited.

#### **Conditions of Tender**

The conditions of tender should set out the relevant rules under which the tender is to be conducted and should be included in the tender documents.

These rules are to be observed by all personnel involved in the procurement process and the tenderers themselves. Conditions of tender should be carefully drafted to give the HSA Group the flexibility to:

- vary the conditions of the tender;
- disclose information to their external consultants for advice during the evaluation process;
- accept the tender which most closely satisfies all criteria, not just the cost; and
- abort the process at any time.

The conditions of tender should clearly stipulate that tenderers are to bear the cost of tendering and it should be established that the HSA Group is not legally bound until it signs a written agreement.

#### **Tender Evaluation Criteria**

The tender document should publicise the tender evaluation criteria to enable the bidders to prepare their submissions in accordance with these requirements. The evaluation and selection process should be documented before bids are received. All evaluations must be made against the criteria and it cannot be changed once the bids have been lodged.

Where it is considered necessary to deviate from the predetermined evaluation criteria, all bidders should be notified and given equal opportunity and sufficient time to re-submit their bids in accordance with the new criteria.

#### **Tender Evaluation Plan**

An evaluation plan should be developed prior to the commencement of an evaluation outlining the activities to be undertaken.

#### **Communication with the Bidders**

Communication with the bidders is extremely important and the following points should be taken into consideration when conducting the tender process:

**Contact with Bidders:** Contact with the tenderers prior to the closing date should be kept to a minimum.

A single point of contact should be established to provide a degree of consistency in dealing with the bidders. The designated contact people and the rules of communication should be communicated clearly to the bidders via the tender documentation.

**Correspondence:** All correspondence to the bidders should be standardised to ensure all bidders receive consistent information. A file should be kept detailing conversations and debriefing sessions with the bidders, copies of agendas, minutes of meetings and written correspondence. All interactions with the bidders and records of proceedings of all meetings must be logged.

Care should be taken when having conversations with bidders to ensure that no information has been unfairly disclosed.

**Clarifications:** Any ambiguities may be clarified with the bidder. Do not make assumptions about information that is unclear in the bid – it is best to seek written clarification. If, at any stage in the tender process, additional information or material is made available to one tenderer, that information or material should also be made available to all other tenderers. All clarifications, including answers to questions and changes to specifications or process, should be shared equally with all parties without exception.

#### **Transparency of Tender Process**

All bidders must have the assurance and confidence that they are being treated consistently and fairly. It is essential that the bidders perceive the process to be carried out with integrity and impartiality. The following guidelines will help to ensure the transparency of the tender process:

**Tender Documentation:** The tender documents should contain all the information required by the bidders in order to prepare, price and lodge a tender. It should clearly state that bidders are to rely on their own information and investigations when preparing their bids.

**Late Submissions:** Late submission of tenders should not be admissible. If the HSA Group is considering accepting a late tender, it should be satisfied that in doing so the procurement process has not been compromised. The HSA Group should inform all the other bidders of the circumstances of the late bidder, advising that they wish to accept the late submission, and request that any objections be lodged within a particular time.

After the closing date, the HSA Group should not canvass offers from other suppliers who have not submitted bids.

**Other Issues:** All bids must be evaluated according to pre-determined and public criteria.

Records must be kept of who is involved in the procurement process – from tender evaluation through to negotiation and contract management.

#### **Fair Dealing**

All bidders should be given the opportunity to compete on the same terms. The HSA Group must ensure that no information given to the bidders is misleading and they must adhere to the publicised conditions of the Request for Tender ("RFT"), particularly in relation to the evaluation process.

#### **Confidential Information**

All offers must be treated as commercially sensitive, with access restricted to authorised personnel only. Procedures must be put in place to deal with receiving, registering, storing, opening, handling and filing offers. Once received, all offers must be kept secure and sealed until the designated opening time. Security of confidential information must be maintained at all times during the evaluation and negotiation phases. Confidential information must not be discussed with or made available to staff that are not party of the evaluation process.

Consideration may be given to requiring personnel involved in the tendering process to sign confidentiality agreements.

#### **Quality Control Procedures and Tender Evaluation**

A quality control system should be designed to identify and eliminate errors to ensure the tender documentation covers all aspects of the tender process and is correct and unambiguous.

#### **Accountability**

The HSA Group is a Government Business Enterprise under the Commonwealth Authorities and Companies Act 1997 (CAC Act). As with any Commonwealth company, the ultimate control will rest with the shareholder Ministers, who are required to exercise that control consistent with their accountability to Parliament and to the Australian public. Accountability will cover those involved in the tendering process who may ultimately be held to account for each stage of the tender process.

Documentation is the key to maintaining accountability and documentation should be kept of the following:

- the tender process should be well documented, consistent and able to be held up to the most intense scrutiny;
- a process should be established for the receipt, recording and acknowledgment of bids;
- negotiations;
- reasons for selection/rejection;
- all phases of the evaluation and assessment process should be clearly documented and auditable; and
- deviations from documented procedures should be communicated in writing to the bidders.

#### **Preliminary Contract**

A preliminary contract can be created if certain representations regarding the award of a tender have been made to the bidder, or the bidder has been encouraged to partly perform the contract in anticipation of its award. The HSA Group must take care to avoid making representations (whether oral or written) that may encourage a tenderer to spend money, over and above the cost of tendering, in anticipation that a contract will be awarded.

#### **Debriefing Unsuccessful Tenderers**

All unsuccessful bidders must be notified that they have been unsuccessful and should be given an explanation as to why they were not shortlisted or awarded the tender. The debriefing should be limited to a comparison to the tender response and the evaluation criteria outlined in the RFT. It should not be a comparison between the successful and unsuccessful bidders and it is essential that there is no breach of confidentiality.

Comprehensive debriefing notes should be filed with the other tender documents.

**Appointment of a Probity Auditor**

An independent probity auditor can be engaged in the case of major contracts (over \$1million) to ensure the probity of the tender process. It is important to engage the probity auditor as early as possible, and well before the specifications are finalised. The probity auditor's role is to provide an opinion as to whether the tendering and contracting process used is fair.

A probity auditor cannot be used:

- as insurance against errors in decision-making,
- to ratify direct negotiation with one bidder, or
- to enter the tender process part way through to try and save a process which has already been tainted.

**Records****1. Procurement Obligation Forms**

---

[Back to top](#)