



# OPH Procurement Manual

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CFO

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# 1. Intent of the Procurement Manual (the Manual)

The Manual (with associated guidance and checklists) was developed to assist you in undertaking procurement activities to meet your obligations under [the Procurement Framework](#).

The Manual will guide you through the practicalities of undertaking a procurement process for Old Parliament House (OPH), with details of the processes you must follow, tips on how to avoid the common pitfalls of procurement, and when to seek further assistance.

The Manual was developed to assist staff with little or no procurement experience. More experienced procurers will find this document useful as guidance supporting the Accountable Authority Instructions (AAIs). There are several forms and checklists provided at the end of this document to assist with working through the procurement process.

## 2. Overview of Procurement

### 2.1 Executive Summary

The Commonwealth Procurement Rules (CPRs) seek to ensure that all procurement represents value for money by following efficient, effective, economical, and ethical processes. These principles are discussed in more detail in [Commonwealth Procurement Rules](#).

Under the CPRs, procurement processes vary depending on the value of the procurement. Procurements valued at under \$80,000 only require a limited tender where a single supplier or a small number of potential suppliers are invited to make a submission. See [Determining Procurement Method](#) for more details.

An open tender is an advertised call to the market for offers (through the AusTender system) and any party can choose to put in an offer to meet the requirement. The general rule is that procurements valued at \$80,000 or over require an open tender process, unless an existing panel is available, see [Panels](#) for more details. The threshold for construction services is \$7.5M.

There are other circumstances where you may use a Limited Tender approach rather than an Open Tender for a procurement valued at \$80,000 or over. These are discussed in [Key Resources and Open Tender Exemptions](#). You should consult with the Procurement & Risk Advisor for any procurement over \$80,000 to ensure the correct Procurement method and contracting option is selected.

Though they are treated the same under the CPRs, OPH has different payment processes for procurements valued at less than \$10,000 than those values at \$10,000 or more.

Those undertaking procurement are required to use the SharePoint [Spending Approval Forms](#) for **all procurements**. The form is simplified for procurements under \$10,000, where only basic information regarding the procurement needs to be recorded.

The Commonwealth Government preference is that, where possible, all procurement to a value of less than \$10,000 be purchased by credit card. Payment via submission of a correctly rendered invoice remains available for procurement with a value of less than \$10,000 where the supplier will not accept payment by credit card.

[The Procurement Hub](#) is an interactive summary of procurement linked to flowcharts, checklists and detailed explanation of the various stages and requirements of a procurement process. Before commencing a procurement, you should understand [your role in the procurement process](#).

## 2.2 Procurement Hub

There are 4 stages to the procurement process:

- 1. Procurement plan** – Develop a [Statement of Requirement](#), estimate the [value of the procurement](#), consider [procurement risk](#) and [determine procurement method](#). Review the [Key Resources](#) for all procurements and [Open tender exemptions](#) where procurements between \$80,000 to \$200,000.
- 2. Approach to Market** – Review [contracting options](#), use the [Commonwealth Contracting Suite \(CCS\)](#) for preparation of procurement documents including Requests for quote (RFQ) and contracts.
- 3. Delegate Approval** – Complete [SharePoint forms](#) and finalise [contractual arrangements](#). A [Purchase Order \(PO\)](#) will be raised in MYOB for all arrangements >\$10,000.
- 4. Contract Management / Invoice Payment** – Review [contract management guidance](#) and [checklist](#)

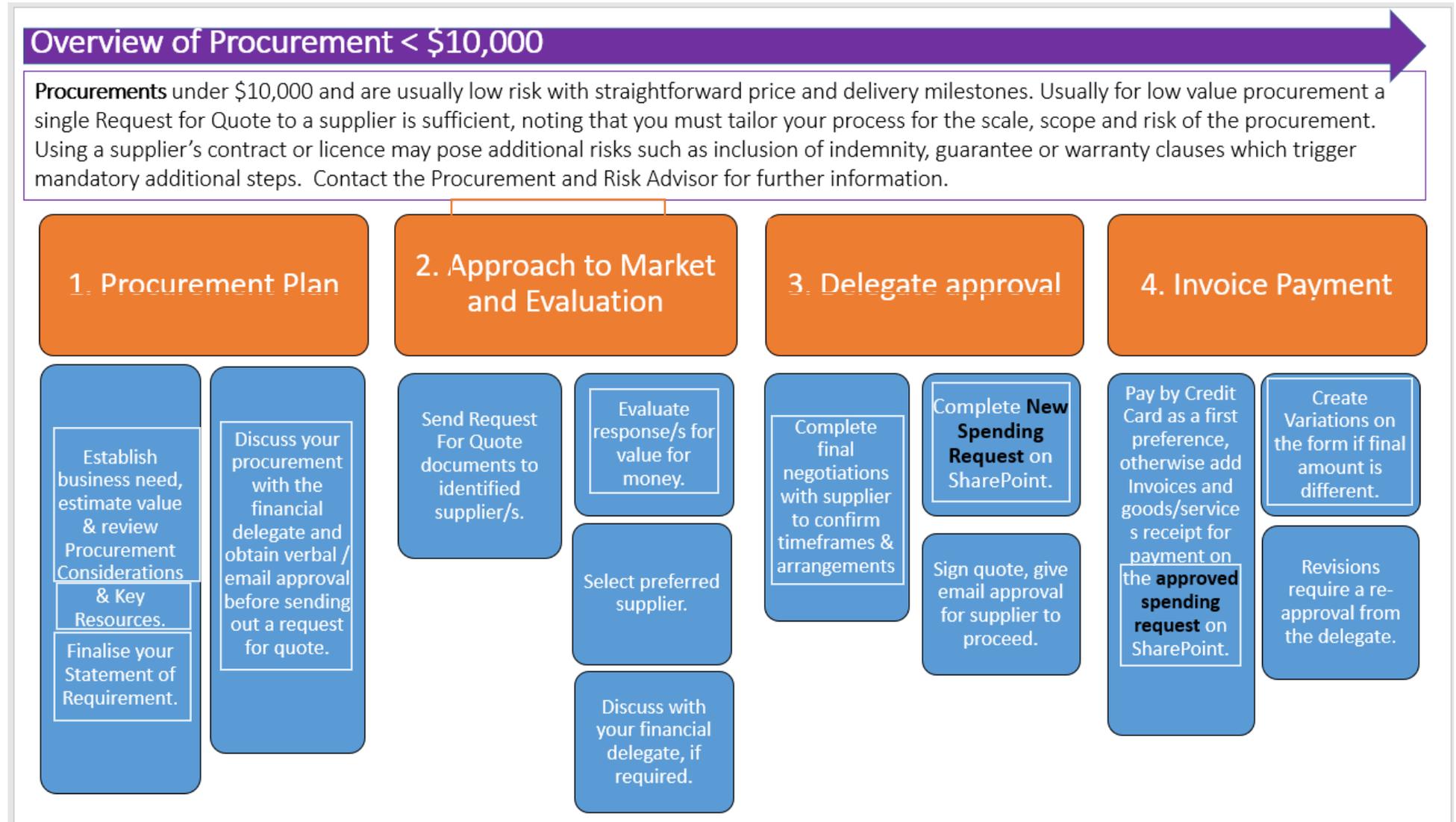
### Goods/Services (Non-Construction) Thresholds

| <a href="#">Procurement Amount</a><br><i>(Click box to go to flow diagram of process overview)</i> | <i>Suggested Quoting requirement</i><br><i>(Click box to go to checklist for detailed process detail)</i>                     | <i>Suggested Payment Requirement (Click box to go to SharePoint How to guides)</i>                                   |
|--|---|--|
| Under the threshold (\$0 - \$10,000)   | Satisfy value for money (vfm).<br>Single quote is sufficient.   | <\$10k Spending Approval, credit card or invoice   |
| Under the threshold (\$10,001 - \$79,999)  | Use Indigenous Procurement Policy (IPP)<br>Use Panels<br>Limited Tender (satisfy vfm, guide of 1-3 quotes)                    | >\$10k Spending Approval.<br>Purchase Order or Commonwealth Contracting Suite (CCS) standard contract or work order. |
| Over the threshold \$80,000 - \$999,999  | Between \$80,000 - \$200,000 consider Open Tender Exemptions (IPP takes precedence)<br><br>Use Panels or Conduct Open Tender. | >\$10k Spending Approval.<br>CCS standard contract or work order   |
| Over the threshold \$1,000,000 plus  | Consult with the Procurement and Risk Advisor   | >\$10k Spending Approval<br>Seek FaB section advice regarding the contract.  |

### Construction Service Thresholds

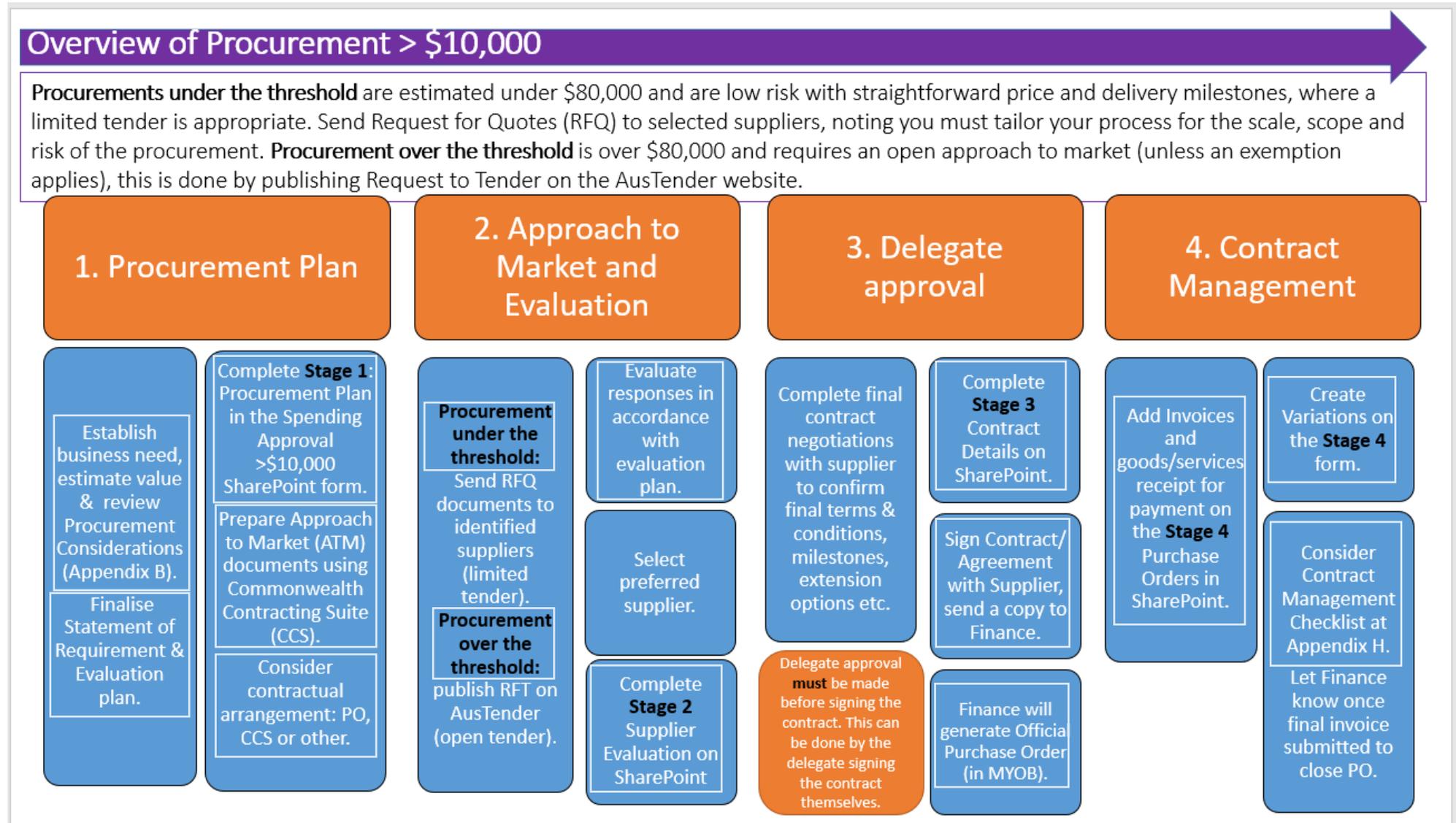
|   |  |  |
|---|--|--|
| Under the threshold (\$0 - \$7,499,999) | Use Indigenous Procurement Policy (IPP) or Panels or Limited Tender (satisfy vfm, guide of 1-3 quotes)                                 | >\$10k Spending Approval<br>Purchase Order or CCS standard or custom contract or work order.                               |
| Over the threshold \$7,500,000 plus     | Use Panels or Open Tender exemptions<br>Open Tender<br><br>Mandatory requirements apply, consult with the Procurement and Risk Advisor | >\$10k Spending Approval & CCS standard contract or work order.<br><br>Use of limited tender must be approved by delegate. |

## 2.3 Overview of Procurement \$10,000 or below - Flow Diagram



Instructions in a white box signals it is linked to further guidance material.

## 2.4 Overview of Procurement greater than \$10,000 Flow Diagram



### 3 Key Resources and Open Tender Exemptions

The following tools and exceptions exist to streamline your procurement process and should be considered depending on the value, scale, and scope of your procurement. Procurements over the value of \$80,000 may be eligible for exemptions to open tender. Procurement conducted under any exemption must, nevertheless, satisfy the overarching requirement of achieving value for money.

#### 3.1 BuyRight

The Department of Finance has released [BuyRight](#)<sup>1</sup> as a tool that guides the user, step by step, through a procurement process. The tool promotes compliance with the Commonwealth Procurement Framework and best practice.

*The Manual does not seek to replace or repeat the guidance provided in BuyRight; the purpose of the manual is to provide additional guidance specific to OPH.*

#### 3.2 Dynamic Sourcing for Panels (DS4P)

[Dynamic Sourcing for Panels \(DS4P\)](#)<sup>2</sup> is AusTender's functionality that provides government buyers with a standard and streamlined approach to sourcing their goods and services from panels.

You can identify panels that match their requirements, search for and shortlist relevant suppliers, access panel documents and templates, and run request for quote processes.

Contact the Procurement and Risk Advisor if you would need more information.

#### 3.3 Indigenous Procurement Policy (IPP)

The [Indigenous Procurement Policy](#)<sup>3</sup> aims to encourage procurement from Indigenous owned companies. This policy allows for a streamlined procurement process for procurements from Indigenous owned companies. Before conducting any procurement check [Supply Nation](#)<sup>4</sup> which lists the Indigenous Businesses covered by the Indigenous Procurement Policy. The IPP takes precedence of other available Open Tender exemptions and must be considered first.

#### 3.4 Small and Medium Enterprise (SME) Exemption

Once the Indigenous Procurement Policy (IPP) has been considered and an Indigenous business has been given the opportunity to bid for the goods and services or no satisfactory supplier exists you can then access the [Small and Medium Enterprise exemption](#)<sup>5</sup> for procurements valued between \$80,000 and up to \$200,000. This exemption will allow you to seek quotes from SMEs without going to open tender. Small and Medium Enterprises (SMEs) for the purposes of this exemption are Australia and New Zealand firms with fewer than 200 full-time equivalent employees.

#### 3.5 BuyAbility

Staff should consider procurement opportunities from businesses that employ people with a disability. That can be accomplished through the specialist disability purchasing site [BuyAbility](#)<sup>6</sup>.

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<sup>1</sup> <https://www.finance.gov.au/procurement/buyright/>

<sup>2</sup> <https://www.tenders.gov.au/>

<sup>3</sup> <https://www.niaa.gov.au/sites/default/files/publications/indigenous-procurement-policy.pdf>

<sup>4</sup> <https://supplynation.org.au/>

<sup>5</sup> <https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules-appendix>

<sup>6</sup> <https://buyability.org.au/>

Regardless that a proposed procurement may be at or above the relevant threshold, [Appendix A of the CPRs<sup>7</sup>](#) enables OPH to procure from a business that primarily exists to provide the services of persons with disabilities without the need to conduct an open tender.

[Return to Procurement Hub](#)

## 4 Procurement Templates, Checklists and Forms

### 4.1 Commonwealth Contracting Suite

You should use the [Commonwealth Contract](#) and [Approach to Market](#) template available from the [Commonwealth Contracting Suite<sup>8</sup>](#) (CCS) when conducting a procurement over the value of \$10,000 up to \$1 million, unless your purchase is being made under a [panel](#).

A [Procurement Plan](#) and [Evaluation Report](#) template are also available from the CCS, however, are not mandatory as the SharePoint spending approval forms already incorporate the key elements of these documents. These templates may be suitable when conducting open tenders. It is recommended you discuss your documentation requirements with the Procurement and Risk Advisor when conducting any procurements over the threshold.

### 4.2 Spending Approval forms

All procurements must have delegate approved spending approvals in place before undertaking any procurement activity. The exception is when a procurement is low value and low risk, and the delegate is unable to provide formal approval but has given their verbal approval to proceed. In such cases a spending approval must be completed and formally approved as soon as possible.

The purpose of the SharePoint forms is to document the procurement and evaluation, including delegate approval. Follow this link to find the [Spending Approval form](#).

The delegate must approve both the expenditure of funds for the specified purpose and the proposed procurement method. These forms assist with streamlining that process while ensuring OPH meets the requirements of the CPRs.

### 4.3 Guidance materials

To assist your procurement process, including preparing the SharePoint forms, checklists have been developed:

- [Appendix A: Roles & Responsibilities](#)
- [Appendix B: Checklist – Procurement considerations](#)
- [Appendix C: Guidance – Completing CCS contract template](#)
- [Appendix D: Checklist – Procurements under the threshold](#)
- [Appendix E: Checklist – Procurements over the threshold](#)
- [Appendix F: Guidance – SharePoint form procedures](#)
- [Appendix G Checklist – Contract Management](#)

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<sup>7</sup> <https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules/appendix-exemptions>

<sup>8</sup> <https://www.finance.gov.au/government/procurement/commonwealth-contracting-suite-ccs>

Contact the Finance team or the Procurement and Risk Advisor with any queries in relation to conducting procurement and managing contracts.

## 5 Roles in Procurement

### *5.1 Business Areas*

Sections and the business areas are responsible for undertaking their own procurements and ensuring overall compliance with the [Commonwealth legislative and policy framework](#). Staff should seek the advice of any relevant subject matter experts (e.g. Procurement and Risk Advisor, Finance, ICT, Facilities, Heritage) when conducting procurement activities.

A low value and low risk procurement may be managed by yourself where a larger procurement may need two or three staff across work areas to manage the process.

The work area may seek specialist advice to assist with the process. The Finance team can assist with specific issues with the completion of [SharePoint forms](#) and general queries in relation to Purchase Orders and other contractual matters. The Procurement and Risk Advisor can provide specialist procurement advice where this will increase efficiency and decrease or mitigate risks associated within the procurement process.

### *5.2 The Finance Team*

The Finance Team is responsible for developing, maintaining and advising on financial management and associated systems within OPH.

In particular the Finance team:

- develops and maintains policies, procedures and systems (SharePoint & MYOB) for payment processes,
- advises staff on payment matters,
- manages the issues associated with the completion of SharePoint forms,
- arranges the upload of purchase order information into MYOB; and
- coordinates ANAO audit requests in relation to procurements, contracts and associated supplier payments
- arranges the publishing of contracts registered the contract register on AusTender in accordance with the CPRs.
- coordinates reporting of contracts and consultancies for the Annual Report, Questions on Notice and Senate Order Reporting requirements

The Finance Team is not equipped to provide dedicated resources to specific procurement processes.

### *5.3 Delegates*

The Spending Delegate must not approve a proposal to spend relevant money unless satisfied, that the proposed expenditure is a proper use of Commonwealth resources, defined as:

- an efficient, effective, ethical and economical use of the relevant money,
- represents value for money and is consistent with the policies of the Commonwealth,

- sufficient budget exists within the section.

A Spending delegate must not approve expenditure where it could reasonably be seen to involve the provision of a personal benefit and must consider any other potential conflicts of interest and risks.

If a contract includes indemnities, warranties a separate Delegation applies and a risk assessment must be completed. See [OPH Delegations](#).

Approval to spend relevant money must be documented by the Spending delegate in the SharePoint system or via other correspondence (e.g. email) prior to entering the arrangement for all spending proposals or as soon as practicable.

#### 5.4 *Procurement and Risk Advisor*

The Procurement and Risk Advisor provides specialist advice in relation to matters related to financial management and procurement processes. If you consider legal advice might be required in relation to your procurement, please contact them in the first instance and the matter will be referred to the AGS or another supplier as appropriate.

In particular the Procurement and Risk Advisor:

- develops and maintains policies, procedures and systems for procurement processes.
- advises staff on procurement matters and the non-legal aspects of preparation of procurement documents, evaluation criteria, negotiations, tender/offer evaluation, and debriefing unsuccessful potential suppliers.
- oversees the OPH's access to the AusTender electronic tender box and associated procedures, and
- monitors and advises on procurements

You should seek assistance from the Procurement and Risk Advisor where:

- A specially drafted contract may be required,
- Procurement templates require modification,
- The risks to the Commonwealth associated with a contract are such that legal advice is required,
- There is a need to bolster legal provisions relating to matters such as intellectual property,
- Multi-jurisdiction arrangements are involved (e.g. Commonwealth and States will access the arrangement),
- A third party contract is to be used (including contracts/deeds of standing offer issued by other Commonwealth agencies),
- Specialised confidentiality provisions are required,
- Probity advice as needed on procurements over the threshold, or
- A contract contains contingent liabilities, indemnities, warranties and/or guarantees.

The list above is not exhaustive. Business areas need to consider the need for procurement advice when planning a procurement and entering contracts on behalf of the Commonwealth.

[Appendix A](#) outlines the roles and responsibilities of business areas, The Finance Team, and the Procurement and Risk Advisor.

## 6 Procurement Framework

OPH is subject to both the Commonwealth Procurement Rules (CPR's) and the *Public Governance, Performance and Accountability Act 2013*. As such, we are required to comply with a range of legislative and policy instruments.

The CPRs set out the rules that you must comply with when they procure goods and services. This policy has been prepared, firstly, to ensure compliance with the CPRs, but equally to provide guidance for specific procurement procedures.

The following documents give the basis of the Procurement Framework:

- [Public Governance, Performance and Accountability Act \(2013\)](#)
- [Public Governance, Performance and Accountability Rule \(2014\)](#)
- [Commonwealth Procurement Rules](#)
- [Public Service Act \(1999\)](#)
- [Old Parliament House Accountable Authority Instructions](#)
- [Old Parliament House Delegations](#)
- [Old Parliament House Risk Management Framework](#)

All procurements undertaken by OPH staff and contractors must be compliant with the Procurement Framework. Although fundamental procurement principles have been reproduced in the Manual, it does not seek to repeat the information provided in these documents, it has been necessary to include an overview of some key principles so that elements of this manual are given context. Staff are strongly encouraged to consult these key documents as necessary.

All procurement must comply with the Procurement Framework. Rules that must be complied with in undertaking procurement are denoted by the term 'must'. The term 'should' indicates good practice.

The Government has also implemented Procurement Connected Policies to support broader Government objectives, a full list of which can be found on the Department of Finance (DoF) website [Procurement Connected Policies | Department of Finance](#).

## 7 Commonwealth Procurement Rules

### 7.1 Value for money

Procurement practices at OPH are aimed at ensuring that value for money is achieved through efficient, effective, economical and ethical procurement processes<sup>9</sup>.

The requirement to achieve value for money (VFM) applies to all procurement activity. Price is not the sole determining factor in assessing whether a particular procurement represents VFM. VFM requires consideration of the financial and non-financial costs and benefits associated with the procurement such as:

- Fitness for purpose
- A potential supplier's experience and performance history

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<sup>9</sup> <https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules/value-money>

- Flexibility of the goods or services including innovation and adaptability over the life of the procurement
- Environmental sustainability
- Project and contract risks and
- Whole of life costs.

The requirement to achieve value for money applies to all procurement irrespective of value, level of complexity, sourcing or contracting methodology.

A value for money justification statement **must** be included on a s 23 (spending approval) request. The statement should reflect the extent to which the offer:

- meet OPH's requirements
- demonstrate capacity to provide the requirement
- the costs are reasonable, and
- any risks associated with the offer

The SharePoint forms have a selection of optional statements you can select in relation to how the proposal represents value for money, including:

- Lowest price and meets OPH requirements (including timeframes) – select this option if the proposal is the lowest cost, but still meets all the requirements under the Statement of Requirements (SoR)
- Competitive/higher price and meets OPH requirements - select this option where there were lower cost proposals, but they did not meet our SoR to the required standard.
- Experience / Past Performance – select this option if the supplier has demonstrated the capacity and capability to meet our SoR by demonstrating their expertise or from past performance.

If none of the above statements are appropriate for your procurement you can select 'other' and write your own value for money statement.

## 7.2 Encouraging competition

Competition is a key element of the Australian Government's procurement framework. Effective competition requires non-discrimination and the use of competitive procurement processes.<sup>10</sup>

Participation in a procurement imposes costs on both OPH and potential suppliers. The processes OPH chooses to use must be commensurate with the scale, scope and risk of the proposed procurement<sup>11</sup>

All potential suppliers must, subject to the CPRs, be treated equitably based on their commercial, legal, technical and financial abilities and not be discriminated against

## 7.3 Efficient, effective, economical and ethical procurement

The Australian Government promotes the proper use and management of *public resources*. 'Proper use' means efficient, effective, economical and ethical.<sup>12</sup>

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<sup>10</sup> <https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules/encouraging-competition>

<sup>11</sup> <https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules/encouraging-competition>

<sup>12</sup> <https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules/efficient-effective-economical-and-ethical-procurement>

**Efficient** relates to the achievement of the maximum value for the resources used. In *procurement*, it includes the selection of a procurement method that is the most appropriate for the procurement activity, given the scale, scope and risk of the procurement

**Effective** relates to the extent to which intended outcomes or results are achieved. It concerns the immediate characteristics, especially price, quality and quantity, and the degree to which these contribute to specified outcomes.

**Economical** relates to minimising cost. It emphasises the requirement to avoid waste and sharpens the focus on the level of resources that the Commonwealth applies to achieve outcomes.

**Ethical** relates to honesty, integrity, probity, diligence, fairness, and consistency. Ethical behaviour identifies and manages conflicts of interests and does not make improper use of an individual's position. Employees engaged in procurement must act in accordance with the highest standard of ethical behaviour. The core principles of ethics in the procurement context are:

- Employees must not make improper use of their position
- Employees should avoid placing themselves in a position where there is potential for a claim of bias
- Employees must not accept hospitality, gifts, or benefits from any potential suppliers
- All tenderers must be treated equitably – this means that all tenderers must be treated fairly, it does not necessarily mean they are treated equally
- Any potential or real Conflict of Interest must be declared in writing using the Conflict of Interest Declaration Form<sup>13</sup> and managed appropriately.
- Confidential information must be treated appropriately during and after the procurement process.
- External probity specialists should only be appointed where justified by the nature of the procurement
- The appointment of an external probity specialist does not remove OPH's accountability for the procurement process.

#### 7.4 Accountability and transparency in procurement

We are committed to ensuring accountability and transparency in its procurement activities. Accountability means that individuals are responsible for the actions and decisions that they take in relation to procurement and for the resulting outcomes.<sup>14</sup> Transparency involves OPH taking steps to enable appropriate scrutiny of its procurement activities.

#### **Records**

You **must** maintain, for each procurement, a level of documentation commensurate with the scale, scope and risk of the procurement. Documentation should provide accurate and concise information on:

- the requirement for the procurement
- the process that was followed

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<sup>13</sup> [https://nma4.sharepoint.com/:w:/r/sites/OPH-Home/\\_layouts/15/Doc.aspx?sourcedoc=%7B036C500B-0DFE-450D-BA4A-DE7B480FE77B%7D&file=conflict-of-interest-declaration.docx&action=default&mobileredirect=true](https://nma4.sharepoint.com/:w:/r/sites/OPH-Home/_layouts/15/Doc.aspx?sourcedoc=%7B036C500B-0DFE-450D-BA4A-DE7B480FE77B%7D&file=conflict-of-interest-declaration.docx&action=default&mobileredirect=true)

<sup>14</sup> <https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules/accountability-and-transparency>

- how value for money was considered and achieved
- relevant approvals, and
- relevant decisions and the basis of those decisions.

The Finance team **must** have access to evidence of agreements with suppliers, in the form of one or a combination of the following documents: a written contract, licence, work order, invoice or a receipt.

The Finance team considers that the Purchase Order record on MYOB as adequate for records management purposes. All key documents to the awarding of a contract (such as the signed agreement) **must** be kept on MYOB and supporting documents (such as evaluation reports) stored in CM9, under OPH's record keeping procedures.

### **AusTender**

OPH **must** report contracts and amendments on AusTender within 42 days of entering into (or amending) a contract if they are valued at or above the procurement threshold.

The Finance team will report to AusTender any arrangements above the \$80,000 (non-construction) and \$7.5m (construction) thresholds. To meet our reporting obligations signed contract paperwork **must** be sent to the Finance team within one week of signing contracts.

### **Senate Order Reporting**

OPH must provide, no later than two calendar months after the last day of the financial and calendar year, a list of contracts on the public website.

The Finance team coordinates this reporting activity.

## 7.5 Additional rules for high value procurement

Additional rules apply where the estimated value of the procurement is greater than \$80,000 (\$7.5M for Construction Services) consult the Procurement and Risk Advisor prior to commencing any procurement over the threshold values. This is important as the Procurement and Risk Advisor will assess if any exceptions to open tender apply to your situation, which will reduce the administrative burden of your procurement process.

[Return to Procurement Hub](#)

## 8. Procurement Risk

Risk management comprises the activities and actions you undertake to ensure that the delegate is mindful of the risks faced, that informed decisions are made in managing these risks, and potential opportunities are identified and harnessed.

You should consider risks and their potential impact when making decisions relating to value for money assessments, approvals of proposals to spend relevant money and the terms of the contract.

Risk **must** be considered for all procurement and throughout the procurement process. There can be risks is choosing the most appropriate procurement method; conducting the procurement; and, in establishing and managing the resulting contract. You should **not** assume that a low value procurement poses no risk.

A procurement risk management plan **must** be documented for all procurements with an indemnity, guarantee or warranty in accordance with the [Risk Management Policy & Framework](#).

For procurements with complicated requirements, risk mitigations may need to be included in the proposed contract. Some options for managing risk include key performance indicators, staged payments, regular meetings, and dispute mechanisms. All need to be considered prior to the approach to market. As a general principle, risks should be borne by the party best placed to manage them. That is, we should generally not accept risk which the supplier is better placed to manage.

### Heritage Management Plan

The Heritage Management Plan (HMP) provides the framework for assessment and approval of proposed 'uses or actions' against the Heritage Values of OPH. Before progressing, a procurement concerning any uses or actions that will (or will potentially) cause an effect on the Heritage Values of OPH, staff must seek advice from Heritage Section for the purposes of assessment of Heritage Values, risk identification, and obtain any necessary approvals.

### Procurement Risk Examples

| Description of Risk   | Possible Mitigation Strategy  |
|---|---|
| Contractors providing goods or services to OPH might cause damage to the Heritage Values.   | All written contracts should contain provisions placing binding obligations on contractors to provide goods and services in a manner that does not breach the EPBC Act. Where appropriate, written contracts should contain provisions requiring contractors to undertake training on heritage and comply with any relevant requirements of the Heritage Management Plan. |
| Procurement process does not comply with legislation or policy requirements (PGPA Act, Commonwealth Procurement Rules (CPRs), AAI's and other OPH policies) | Seek advice from the Procurement and Risk Advisor and other specialists in their respective fields to ensure compliance with legislative requirements.  |
| Procurement is delayed (e.g. staff absences, other priorities)  | Forward planning and management of annual leave, all team members have a good understanding of activities to be undertaken and can cover absences.  |
| Probity issues delay or halt procurement process  | All staff involved in procurement briefed on probity in procurement. Procurement and Risk Advisor can assist with Probity for the procurement process and is on hand to advise on management of any issues that arise.  |
| Inappropriate procurement method selected   | Determine procurement method in consultation with Procurement and Risk Advisor.   |
| Requirement is not clear or does not adequately reflect OPH's business need.  | Technical specialists brought in to advise with review by the Procurement and Risk Advisor if in any doubt.   |
| Specification is biased towards a vendor or vendors   | Technical specialists brought in to advise. Technical specialists included in probity brief. Project Manager to   |

| Description of Risk   | Possible Mitigation Strategy   |
|---|--|
|   | review documentation. Making sure requirements do not include brand names which could preclude some suppliers.   |
| Timeframes are not realistic  | Formulate timeframes in consultation with specialist and technical advice available. Ensure sufficient resources on board or available for duration. Determine availability of Tender Evaluation Committee and delegate.   |
| Market does not respond   | Ensure a clear requirement and suitable timeframes for response. Look at extending time in the market. If not response to an open tender, the CPRs allow a limited procurement process to be undertaken  |
| Evaluation not conducted in accordance with published evaluation criteria | Develop Tender Evaluation Plan in conjunction with the procurement plan. If the criteria in the plan differs from the ATM documentation the published version must prevail (depending on assessed impact, may put procurement process at risk if not in the public interest to continue) |
| Inappropriate tenderer selected   | Clear Statement of Requirement and evaluation criteria developed in consultation with technical expertise. Relevant criteria used. Evaluation completed in accordance with Tender Evaluation Plan (using criteria identified).   |
| Delays in evaluation  | Ensure evaluation timeframe and dates for evaluation are known to all Tender Evaluation Committee members in advance - plan annual leave. Keep note of delegate available around end of period.  |

## 9. Planning a Procurement

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### 9.1 Statement of Requirement

The most critical step in a successful procurement is having a clear understanding of what OPH expects to achieve from the procurement. To do this you will need to write a Statement of Requirement (SoR) which will provide the potential supplier/s with a clear understanding of exactly what they will be required to provide or deliver.

The SoR should be concise, clear and sufficient to accurately describe the need. An SoR must cover a detailed product description, quantity, and delivery timeline, this could be summarised in a simple statement for e.g. – ‘The supplier will deliver 6 x Type A Chairs in Tiger Stripe fabric to Old Parliament House by 30 June 2023’.

The following points should guide you in preparing an SOR for more complex procurements:

- Be succinct but do not over specify

- Set out the specifications in terms of performance and functional requirements where applicable
- Use simple, clear language and minimise the use of jargon (to minimise misinterpretation)
- Avoid the use of specific brands, products or trademarks (e.g. vacuum rather than Hoover)
- Explain each requirement only once (to avoid confusion)
- Ensure the SoR has a logical structure
- Include context or background information if necessary

Unless you have a clear understanding of what is needed from the procurement, it will be difficult to prepare an effective SoR. If you are unclear, consult with others working on the project and/or your Section Head.

To undertake any procurement process, you must ensure you have:

- Delegate approval to use funds for the specified purpose
- Delegate approval of the procurement method and process

Confirm with the appropriate Delegate if funds are available for the specified purpose of the procurement. Confirm the Cost Centre and GL codes to be used.

[Appendix B: Procurement Considerations](#) contains a detailed listing of information required when starting a procurement process.

## 9.2 Procurement Thresholds

Under the CPRs procurement processes vary depending on the value of the procurement.

All procurements valued under \$80,000 have reduced requirements, so if value for money has been achieved and this is documented then no further rules apply. Value for money can be achieved by buying off an established panel wherever possible. Otherwise, you will need to run a limited tender, inviting selected suppliers to make a formal bid for the contract.

For non-construction related procurements valued above \$80,000 (\$7,500,000 for construction), the additional rules specified in the CPRs apply (known as the Division 2 rules). This will likely mean you will need to go to open tender unless you are buying off a panel. The CPRs also specify the limited circumstances under which exemptions to the additional rules are available, such as the IPP or the SME exemption. The procurement processes you will use in OPH are designed to meet these requirements.

A procurement must not be divided into separate parts solely for the purpose of avoiding a relevant procurement threshold. This is commonly referred to as 'salami slicing' or 'procurement splitting' and is unacceptable and a breach of the CPRs and Accountable Authority Instructions.

## 9.3 Determining Procurement Method

Procurements 'under the threshold' – either below \$80,000 or for construction services \$7,500,000 – are covered by Division 1 of the CPRs. Procurements 'above the threshold' have additional requirements under Division 2 of the CPRs.

The value of a procurement determines which Division of the CPRs will apply and thus which procurement method options are available to use. To determine the value of the procurement you should consider the expected maximum value (including GST) of the proposed contract including options, extensions, and renewals.

While it is difficult to be 100% accurate, valuing the procurement as accurately as possible is important and will help avoid a range of potential problems with the rest of the procurement process.

**For example**

OPH is preparing to seek quotes for the provision of standard office chairs but would like the option to purchase executive chairs and ergonomic chairs during the term of the contract.

To value the procurement:

Estimated term of contract = 3yrs (initial term) + 1yr (extension) +1yr (extension)

All items below are estimated on annual figures x 3 yrs. + (1yr + indexation) + (1yr +indexation):

volume of standard chairs x unit cost (including transportation costs)

volume of executive chairs x unit cost

volume of ergonomic chairs x unit cost

Estimate of annual transportation costs

Estimate of annual service/administration fee

GST inclusive price

Free maintenance anticipated

These charges are calculated in a way that incorporates price increases agreed to for the fourth and fifth year should one or both options to extend be exercised. Additional fees on top of the cost of the chairs are also incorporated into the calculation.

The differing requirements between Division 1 and Division 2 procurement is discussed below.

**Division 1 - Requirements**

**Limited tender** is the preferred method for Division 1 procurements where there is no suitable Indigenous suppliers or panel/standing offer arrangement in place. Limited Tender involves selecting a potential supplier or a small number of suppliers and inviting them to submit a quote. It is recommended that more than one supplier is invited to make submissions, however there may be instances where it is appropriate to obtain a single quote. You should discuss selection of suppliers with your delegate to determine if the number of quotes you are seeking is appropriate in context of the scale, scope and risk of the procurement.

Most procurements conducted by OPH will be Division 1 procurements. The characteristics of a Division 1 procurement include:

- (a) not being valued at or above the relevant Procurement Threshold (e.g. \$80,000).
- (b) low risk (including from a work health and safety perspective) – i.e. off-the-shelf goods and standard services.
- (c) use of an official order issued under an existing standing offer arrangement.
- (d) the requirements can be described without the need for drafting a detailed statement of requirement/work.
- (e) use of standard CCS contract templates with little or no alteration, and without significant negotiation.

- (f) not involving changes to legal liability or intellectual property provisions.
- (g) OPH is not required to give an indemnity, warranty or guarantee, or agree to the capping of the contractor's liability to OPH.
- (h) payment considerations are restricted to price, quality, fitness for purpose and compliance within required timeframes and delivery requirements.
- (i) the proposed method of payment is simple and straightforward i.e. payment on delivery and acceptance or using a corporate credit card at the time of sale.

Refer to [Appendix D](#) for checklists to assist with conducting the procurement and the [Appendix F](#) for how to complete the SharePoint forms.

### **Division 2 - Requirements**

Once the procurement value is at or above the relevant threshold then the Division 2 rules of the CPRS apply, which essentially mean the procurement method must be an **Open Tender**, which involves a public approach to the market conducted through the [AusTender website](#)<sup>15</sup>. The Procurement & Risk Advisor will assist you with this process.

The relevant procurement threshold that results in OPH being under obligation to conduct an **Open Tender** when procuring goods and/or services is  $\geq \$80,000$  (GST inclusive) and  $\geq \$7.5$  million for construction, unless one of the following applies:

- there is no coordinated procurement arrangement, panel or standing offer in place
- and the procurement is not specifically permitted under conditions for limited tender or an exemption from the CPRs - clause 10.3 of the CPRs or Appendix A of the CPRs – which includes the IPP and SME exemptions or ).

Any procurement involving a legal or insurance risk (including liquidated damages, contingent liabilities i.e. indemnity, guarantee, capping of contractor liability) requires a risk assessment approved by the appropriate delegate along with due consideration of what procurement method would be appropriate.

Refer to [Appendix E:](#) for checklists to assist with conducting the procurement and the [Appendix F](#) for how to complete the SharePoint forms.

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<sup>15</sup> [www.tenders.gov.au](http://www.tenders.gov.au)

## 9.4 Evaluation method for responses

Offers MUST satisfy the Mandatory Conditions for Participation (MCP), if any, before they can be evaluated.

Offers satisfying the MCP will be evaluated using the standard Commonwealth Approach to Market (ATM) evaluation criteria as follows:

- **extent to which the Potential Supplier's Response meets the Customer's Requirement set out in the ATM;**
- **potential Supplier's proven capacity to provide the Requirement**
- **total costs to be incurred by the Customer**

A minimum of 2 people should undertake the evaluation. These people form the Evaluation Committee.

For the purposes of providing a consistent methodology for scoring of offers, the scoring regime set out in the table below MUST be used.

The Offer achieving the highest score (combination of Technical and Price) will be highest value for money outcome and is therefore the preferred supplier.

| Score                | Criteria         | Description  |
|----------------------|------------------|--|
| (5)<br>Good          | <b>Technical</b> | <ul style="list-style-type: none"> <li>• Meets the requirements and offers increased levels of service/goods.</li> <li>• Provides demonstrated evidence, which is substantiated, of their capability and capacity to provide the increased levels of services/goods at a high standard.</li> <li>• No risks/issues identified.</li> </ul>  |
|                      | <b>Price</b>     | <ul style="list-style-type: none"> <li>• Price/rates provided in accordance with ATM.</li> <li>• Price is feasible, at the lower range of budget.</li> </ul>   |
| (4)<br>Above Average | <b>Technical</b> | <ul style="list-style-type: none"> <li>• Meets the requirements.</li> <li>• Provided demonstrated evidence, which is substantiated, of where the proposed levels of services/goods are being or have been provided at a very good standard.</li> <li>• Insignificant risks/issues identified which do not require strategies to manage.</li> </ul>   |
|                      | <b>Price</b>     | <ul style="list-style-type: none"> <li>• Price/rates provided in accordance with ATM.</li> <li>• Price is feasible, at the mid-range of budget.</li> </ul>   |
| (3)<br>Average       | <b>Technical</b> | <ul style="list-style-type: none"> <li>• Meets the requirements as stated in the requirements.</li> <li>• Provided evidence (may or may not be substantiated) where similar services/goods to those being offered are being provided or have been provided previously, at an acceptable level.</li> <li>• Minor risks/issues identified which require minor strategies to manage.</li> </ul> |
|                      | <b>Price</b>     | <ul style="list-style-type: none"> <li>• Price/rates provided in accordance with ATM.</li> <li>• Price is feasible, at the higher end of the budget.</li> </ul>  |
| (2)<br>Marginal      | <b>Technical</b> | <ul style="list-style-type: none"> <li>• Does not meet all the requirements.</li> <li>• Provided limited evidence (may or may not be substantiated) of where similar services/goods are being provided or have been previously provided.</li> <li>• Medium risks/issues identified which require detailed strategies to manage.</li> </ul>   |
|                      | <b>Price</b>     | <ul style="list-style-type: none"> <li>• Price/rates essentially provided in accordance with ATM.</li> <li>• Price may not be feasible and/or may not be workable from a budget perspective.</li> </ul>  |
| (1)<br>Unacceptable  | <b>Technical</b> | <ul style="list-style-type: none"> <li>• Does not meet the requirements.</li> </ul>  |
|                      | <b>Price</b>     | <ul style="list-style-type: none"> <li>• Price is not feasible and/or is not workable from a budget perspective.</li> </ul>  |
| (0)<br>Unacceptable  | <b>Technical</b> | <ul style="list-style-type: none"> <li>• Failed to provide a response.</li> </ul>  |
|                      | <b>Price</b>     | <ul style="list-style-type: none"> <li>• Failed to provide price/rates.</li> </ul>   |

## 9.5 Applying Value for Money Principle to your procurement process

The Below example is an examination of the consequences of selecting an inappropriate procurement process in relation to the estimated value of the arrangement. This is to illustrate the importance of adhering to the Division 1 and 2 distinctions while selecting your procurement method.

Value for money is a prime underpinning principle of the differing procurement methods for both Division 1 and 2 procurements. Consider the two examples below where an inappropriate procurement method is selected and the potential affect this could have on OPH.

### **Example 1**

For a Division 2 (i.e. over the threshold) procurement only one supplier is asked to provide a quote for exhibition content creation services with an estimated value of \$250,000. It would be difficult to establish that value for money has been achieved for the following reasons:

- There can be no comparison between potential suppliers' offerings and costs.
- Other benefits may have been realised by approaching the open market.
- OPH may need to expend time and effort justifying non-compliance with the Commonwealth Procurement Rules and why the procurement was undertaken in this manner.
- OPH may be subject to criticism and claims that this procurement process was not an efficient, effective, economical, and ethical use of resources.
- Another supplier may claim to have been able to provide the same services for the same or less but was not given the opportunity to do so.
- Damage to OPH's reputation regarding procurement may result in poor response to subsequent approaches to the market.
- A value for money outcome may have been better achieved by procuring the services through an open tender.

### **Example 2**

It is determined that a procurement for ICT hardware for a new exhibition with a value of \$40,000 will be managed through an open tender process.

This may not represent value for money for the following reasons:

- Existing panels have been established that can meet the requirements.
- Potential suppliers responding to opportunities published on AusTender may feel the specification and resultant contract is too small for them to devote their own time and resources to responding with no guarantee of a successful outcome.
- The procurement is considered low value and low risk however, the requirements around managing an open tender have introduced additional risks around probity and delays in obtaining the goods.
- OPH may be subject to criticism and claims that this procurement process was not an efficient, effective, ethical, or economical use of resources due to the time, effort and expense required to develop documentation and manage the process.
- The same outcome may have been achieved using a panel which would have significantly streamlined the procurement process.
- If an appropriate panel was not available, a limited tender process could have been undertaken which would also have resulted in a significant efficiency.

## 9.6 Probity and Conflicts of Interest

Probity is the evidence of ethical behaviour, and can be defined as complete and confirmed integrity, uprightness, and honesty in a particular process.<sup>16</sup>

A Probity Plan will help identify and manage probity issues. A probity plan should be prepared for procurements over the threshold, where a Whole of Government or panel arrangement is not used.

A Probity Plan should outline possible probity and conflict of interest issues that may arise throughout the procurement process and provide clear processes for managing those issues should they arise. Roles and responsibilities should be defined in this plan.

It is recommended that all staff involved in an Open Tender process be given a probity briefing from the Procurement and Risk Advisor prior to development of tender documentation. It is also good practice to provide a probity briefing to members of the Tender Evaluation Committee particularly if members do not have significant tender evaluation experience. APS employees involved in the procurement process will be reminded of their obligations to adhere to the APS Code of Conduct and the APS Values as part of the briefing.

All offers must be treated as confidential and must be kept in a secure place when not being attended. Only OPH staff (and any technical advisors) involved with the evaluation process will have access to offers.

The evaluation process and the content of documentation must not be discussed by the Committee with any person outside the evaluation process unless that person has a legitimate 'need-to-know' for the purpose of performing his or her duties.

All staff involved in a procurement process have a responsibility to consider whether their actions or decisions could give rise to a conflict of interest. The type of private interests and activities that could come into conflict with a procurement process could include:

- Family, personal and social relationships within OPH or with external businesses, organisations, groups or persons.
- Receipt of gifts or hospitality.
- Financial interests including shares, directorships or other commercial or business interests.
- Affiliation with external organisations.

**Conflicts of interests must be declared. If in any doubt as to the existence of a conflict of interest, it should still be declared.**

If a conflict of interest (including potential or apparent conflict of interest) is declared, the Delegate and/or Probity Advisor, must decide on the appropriate course of action to resolve or manage the conflict of interest. A record of the conflict-of-interest declaration and the delegate's decision must be kept.

Appropriate management actions may include:

- Restricting the flow of information or involvement in the procurement process.
- Abstaining from decisions.
- Reassignment of duties or removal from the procurement process.

OPH staff and advisors involved in the evaluation process must not solicit or accept gifts, offers of employment or entertainment. Any such offer MUST be reported to the Delegate.

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<sup>16</sup> <https://www.finance.gov.au/government/procurement/buying-australian-government/ethics-and-probity-procurement>

## 10. Contracting Options

Several procurement and contracting options are available to you when undertaking a procurement. Understanding the different options available to approach the market can provide more efficient processes for procurement. It is the responsibility of the person managing the procurement process to draft the contract.

### 10.1 Purchase Order

For procurements under the threshold where the goods and services to be provided can be clearly defined and simply stated, use of a Purchase Order (PO) that includes the Commonwealth Contract Terms as an attachment is appropriate. POs are generally only generated where the procurement is over the value of \$10,000, however some suppliers may require an issued PO even if the value is below \$10,000.

The Finance Team are responsible for generating the official MYOB PO and can assist with providing you with a copy of generated POs or any supplier specific requirements that need to be met. If there are complexity in the milestones or requirements, it may be more appropriate to use the Commonwealth Contracting Suite templates to construct the contract. This should be discussed with your delegate when planning the procurement or consult with the Procurement and Risk Advisor, if in doubt.

All agreements over the value of \$10,000 will have a PO established even if the agreement is managed by another type of instrument (e.g. contract or work order), this is because the PO system in MYOB acts as a key internal control over payments under an agreement. As such it is essential that the finance team establish a PO as soon as possible, usually within one week that an agreement being signed by the supplier. This is critical to ensure the Finance Team can meet the Commonwealth's reporting requirements as strict reporting deadlines apply. See [Appendix F](#) for assistance in the PO generation stage of the SharePoint Spending Approval form and ensure the signed agreement is sent to the Finance team by sending a soft copy to [accounts@moadoph.gov.au](mailto:accounts@moadoph.gov.au).

### 10.2 Commonwealth Contracting Suite (CCS) templates

For some simple arrangements over \$10,000 and most procurements up to \$1,000,000 CCS contract templates are preferred unless more appropriate templates apply (such as Digital Marketplace for ICT procurements or Purchase Order for simple purchases).

The CCS streamlines and simplifies procurement processes and creates uniformity across Commonwealth contracts to reduce burden on businesses contracting with the Commonwealth Government.

For instructions on how to prepare a CCS contract see the FAQ at the [Appendix C](#)

For assistance and advice for preparing contracts over \$1,000,000 you must discuss your proposed arrangements with the Procurement and Risk Advisor.

### 10.3 Panels & Work Orders

The process for procuring goods/services through a panel is the same as for a standard procurement and requires the appropriate approvals from the Spending Delegate. Engaging a supplier under a panel arrangement, such as from a Whole of Australian Government (WoAG) Arrangement or the Digital Marketplace is usually done by issuing an official order/work order.

When a panel is established the general terms and conditions will have already been negotiated by the Agency that established the Panel. This is the Deed of Standing Offer (DoSO). To form a contract under that DoSO, a second step must be undertaken – the establishment of a Work Order (WO).

#### Panel Structure



Establishing a WO means a contract is in place that includes the terms and conditions of the DoSO and the contract specifics detailed in the Work Order.

Each DoSO will have its own Work Order template and it will be specific to that panel. The WO template will be included in the supporting documents for the panel. When completing a work order you will need to have a copy of the DoSO on hand to make sure the two documents are consistent. If you do not have these documents, please contact the Procurement and Risk Advisor who will source them on your behalf.

WO templates for the Digital Marketplace can be found [here](#).<sup>17</sup>

#### Panel end dates

Each DoSO is established for a specific timeframe and may include option periods. The DoSO and the exercising of its option periods is managed by the Agency which established the panel. WOs established under a panel may commence at any time during the period of the DoSO. Work Order end dates may be after the end date of the DoSO e.g. the period of the DoSO is 1 July 2020 – 30 June 2022. A WO under this panel could therefore have a period, for example, of 29 June 2022 to 5 July 2023.

#### How to Seek Quotes from a Panel

The process for seeking quotes from a panel may vary depending on how the panel arrangement is managed.

<sup>17</sup> <https://marketplace1.zendesk.com/hc/en-gb/articles/360000628796>

Approval from the spending delegate to approach the market must be obtained prior to approaching the panel, this is documented as part of the SharePoint spending approval form.

1. Potential Tenderers should be asked to quote in accordance with panel administration – some panels will require that all potential tenderers be approached to provide quotes, others may permit the selection of a limited number and there are panels OPH accesses where approaching the panel is managed by the panel administrator. If you are able to choose the number of suppliers that will be approached, the aim is to approach enough suppliers to ensure value for money can be proven but not too many as would result in an excessively burdensome process – thus not meeting the CPR requirement to run an efficient procurement process.
2. The timeframe given to potential tenderers to respond should also be in accordance with the panel requirements. If there are no requirements around timeframe, consideration should be given to the size/complexity of the statement of requirement and time potential tenderers may need to prepare their response. Regardless of how timeframes are managed, all potential tenderers should have the same response period (e.g. all quotes to be received 10 days after request and no later than the specified date & time.)
3. An evaluation of quotes must be carried out to determine value for money. The evaluation process must be in accordance with the evaluation plan or using the standard evaluation process.
4. A recommendation identifying the potential supplier that represents best value for money to OPH using part 2 of the spending approval form is made to the spending delegate for approval.
5. Contract information entered into the section 23 approval.

#### 10.4 Supplier licences or contracts

Some suppliers seek the use of their own licences or contracts for agreements with OPH. This practice is very common among software suppliers but should be discouraged wherever possible. The common motivation for the supplier to request the use of their contract or licence agreement is that the Supplier can use the same contract or licence for all its clients.

If you will be using a supplier licence or contract you MUST **read** it carefully. While not an exhaustive list, the following clause types are common and require special consideration and/or action:

##### Common licence/contract clauses

| Clause   | Action Required   |
|--|---|
| Indemnities, liability caps, limited liabilities, warranties or guarantees (collectively known as <b>Contingent Liabilities</b> ). | These are contingent liabilities and as such may result in additional costs for OPH should any of these clauses be invoked. As a result a Risk Assessment MUST be completed, approved in accordance with the <a href="#">Financial Delegations<sup>18</sup></a> and included in the MYOB record. Please note that there is a specific delegation for the approval of indemnities. |
| Confidentiality  | OPH can ONLY agree to the inclusion of Confidential Information if that information   |

<sup>18</sup> <https://nma4.sharepoint.com/:w:/r/sites/OPH-Home/>

|                            |  |
|----------------------------|--|
|                            | meets the <a href="#">Confidentiality Test<sup>19</sup></a> . Please discuss with the Procurement and Risk Advisor |
| Intellectual Property (IP) | You must make sure that the IP rights meet our needs and that we can comply with any obligations that bind OPH.    |

### Be alert to hidden terms and conditions!

Licence agreements often include links to other sources of information. You must follow and read **all** the links embedded in a licence agreement. These links often lead to additional terms and conditions, and it is common that the most problematic licence terms are “hidden” in these links. Agreeing to the first agreement binds OPH to all the terms and conditions in these links.

#### 10.5 ‘Click thru’ Agreements

‘Click thru’ agreements are typically found when accessing online resources. You will be asked to click an ‘agree’ button to gain access to the resource. You must read the terms and conditions and, if any of the terms include any contingent liabilities, a risk assessment will be required.

## 11. Contract Management

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Contract management refers to all the activities undertaken by OPH, after the contract has been signed or commenced, to manage the performance of the contract (including any corrective action) and to achieve the agreed outcomes.

Each contract will be different. The aim of contract management is to ensure that all parties meet their obligations to deliver the objectives of the contract. In a procurement under the threshold, the focus of contract management may be on ensuring the goods or services purchased are provided on time, to the agreed standard, at the agreed location and for the agreed price.

It is important that contracts are managed consistently and actively throughout their life in accordance with their terms. This will ensure that supplier performance is satisfactory, stakeholders are well informed, and all contract requirements are met thereby ensuring that the contract delivers the anticipated value for money outcome.

[Appendix G: Contract Management Checklist](#) should be used on procurements over the threshold by contract managers for overseeing a contract to gain assurance that the necessary governance arrangements are in place at the commencement, active and closing phases of the contract.

### 11.1 Introduction to Contracts and other Agreements

Staff need to give consideration early in a procurement process to what type of agreement is required for entering into a legally binding arrangement with a preferred supplier.

<sup>19</sup> <https://www.finance.gov.au/government/procurement/buying-australian-government/confidentiality-throughout-procurement-cycle>

The [Commonwealth Contracting Suite \(CCS\)](#) contract template should be used unless it is not appropriate to do so (e.g. Digital Marketplace documents for ICT procurement, work order documents for panels or a signed quote/purchase order for a procurement under the threshold).

The CCS templates provide protection to OPH in relation to several matters including contingent liabilities (e.g. warranties and indemnities), confidential information, and insurance issues. Staff must consult with the Procurement and Risk Advisor before customising the CCS contract terms & conditions. In most cases, external legal advice will be required before any such changes can be made.

## 11.2 Setting Contract End Dates

The end date of a contract does not necessarily have to be the date of final delivery of the goods or services. When setting a contract end date, amongst other things, you should consider:

- business requirements, including budget
- changing market conditions (price volatility, likelihood of new entrants, technology, innovation)
- the potential for changes to government positions or policy.

The end date should provide for a period after the final delivery to allow for the issue and payment of final invoices, to tidy up other contract management issues, and allow time for implementation of any subsequent arrangements, if needed.

Extension options provide flexibility for OPH when determining if the agreement should continue past its initial term. An extension option is a legal right within a contract for one of the parties to extend the term of the contract for a specified period. It is usual for Commonwealth standard contracts to provide that exercising an extension is at the OPH's discretion only.

## 11.3 Contracts without a fixed end date

Some contracts may not have a fixed end date (for example some software licences), while other contracts may end following specific achievements or milestones (for example leasehold construction contracts).

Factors relevant to a procurement, such as the business requirement, prices, and technology, may change over time. [Paragraph 4.14 of the CPRs<sup>20</sup>](#) states that when a contract does not specify an end date it must allow for periodic review and subsequent termination of the contract if the relevant entity determines that it does not continue to represent value for money.

You are encouraged to establish review procedures commensurate with the scale, scope, and risk of the procurement, allowing them to be satisfied that a contract will continue to achieve value for money. Key performance indicators may assist in this process.

## 11.4 Contract Execution

When signing contracts, the supplier signs first then the document is provided to OPH. The spending delegate should sign the contract.

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<sup>20</sup> <https://www.finance.gov.au/government/procurement/commonwealth-procurement-rules/value-money>

The Australian Government Solicitor has provided several fact sheets which address issues related to contract signing an example of which is the [Execution solutions for remote working arrangements](#)<sup>21</sup>.

A full list of these fact sheets can be found on the [AGS Website](#).<sup>22</sup>

Once that you have a signed contract (licence agreement etc), scan it and send it to [accounts@moadoph.gov.au](mailto:accounts@moadoph.gov.au).

## 11.5 Australian Government Contract Management Guide

Contract management can be distilled to the following elements:

- **Contract Governance:** establishing the stakeholder engagement mechanisms, oversight arrangements, systems, processes, decision making and reporting.
- **Performance Management:** the measuring, monitoring, and assessment against agreed performance measures to enable early warning of, and response to, performance issues. The monitoring and assessment of deliverables to enable acceptance and achieve contract outcomes.
- **Supplier Relationship Management:** includes putting in place collaborative engagement mechanisms with the contractor.
- **Contract Administration:** the administrative activities undertaken to support day-to-day contract activities, meet legislative requirements for records management, and establish an audit trail to meet transparency requirements.

[The Australian Government Contract Management Guide](#)<sup>23</sup> is the key resource for managing contract and is available from the Department of Finance Website. Any staff undertaking a procurement over the threshold should refer to the guide before commencing their procurement and throughout the life of the contract to assist with managing the lifecycle of the contract.

## 11.6 Agreements Register

The Finance team maintains the OPH Agreements Register and is responsible for AusTender reporting for contracts over the applicable threshold including variations.

## 11.7 Contract Management – Procurements under the threshold

Contract management for a procurement under the threshold relates to ensuring that the required goods or services are delivered on time and at the agreed price and quality.

## 11.8 Contract Management – Procurements over the threshold

For a complex or high-risk project, the contract manager should meet regularly with the supplier to discuss the progress of the contract. The purpose of the meetings is to review contractor performance against the statement of work in terms of quality and timelines, and (where applicable) costing. Meetings provide an opportunity for the parties to discuss potential problems, to ask questions and mitigate risks. Regularly meeting with a contractor allows the OPH's contract manager to review requirements ahead of time to prevent delays in delivery or schedule.

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<sup>21</sup> <https://www.ags.gov.au/publications/fact-sheets/fact-sheet-38>

<sup>22</sup> <https://www.ags.gov.au/publications/fact-sheets>

<sup>23</sup> [https://www.finance.gov.au/sites/default/files/2019-11/Australian Government Contract Management Guide - Nov 2019.pdf](https://www.finance.gov.au/sites/default/files/2019-11/Australian%20Government%20Contract%20Management%20Guide%20-%20Nov%202019.pdf)

OPH contract managers will be responsible for scheduling meetings with contractors on a regular basis until all goods or services are delivered and determined to be acceptable for payment.

Contract management is an important part of the overall procurement process and ensures that the parties fully meet their respective obligations efficiently and effectively to deliver the business and operational objectives required from the contract. Effective contract management ensures that OPH attains value for money from the procurement.

## 11.9 Contract Variations

Making changes to an established contract is called a contract variation.

Contract variations can be minor administrative changes such as a change of address or they can be substantial changes that affect the length, price, or deliverables under the contract.

You should not seek or allow a contract variation where it would amount to a significant change to the contract or significantly vary the scope of the contract if it could reasonably be determined that:

- other potential suppliers may have responded differently to the amended contract scope in the tendering process which may have produced a different value for money outcome or
- the variation may compromise the original procurement's value for money assessment.

You may allow minor contract variations, where these do not negatively affect the achievement of value for money in the contract.

Contracts should not be extended by variation due to a failure to appropriately plan procurement needs, continue supplier relationships, or with the intention of discriminating against a supplier, avoiding competition, or to avoid obligations under the CPRs.

You may choose to extend a contract for an additional period if there is a continuing need for the goods or services. You can only extend a contract if all the following conditions are met:

1. the contract contains an (unused) option to extend
2. it is value for money to extend the contract, and
3. the contract has not yet expired. If you choose to extend a contract, you should follow the process for extension contained in the contract.

The staff member approving the variation must have delegation for the full value of the procurement. Contract managers can approve minor variations (where there is no change in overall value or end date of the contract).

Variations must be prepared in the SharePoint Purchase Order record and approved by an appropriate delegate who holds delegation for the full value of the agreement (covering the original sum plus the variation amount), the finance team will then update the record in MYOB.

A Template contract variation is available from the Procurement and Risk Advisor which can be used for varying contractual arrangements. A soft copy of the signed variation agreement must be sent to [accounts@moadoph.gov.au](mailto:accounts@moadoph.gov.au)

## 11.10 Exercising Contract Options

When deciding whether to exercise an extension option or extend a contract by variation, you should consider the costs and benefits of continuing with the current contract, including:

- whether extending the contract would continue to provide value for money.
- whether reapproaching the market would result in a better outcome, having regard to potential costs involved.
- the performance of the current provider(s).
- whether there will be sufficient time to run a new procurement process.
- the current market conditions; and
- the changing needs/requirements of entities.

An extension option must be exercised in accordance with the terms of the contract. This can, for example, be achieved by notifying the other party of the intention to exercise the option via email or formal letter. In exercising an option, you must conduct an appropriate value for money assessment and obtain approvals from the financial delegates.

Extension options should not solely be exercised due to failure to appropriately plan procurement needs, continue supplier relationships, or with the intention of discriminating against a supplier or avoiding competition.

### 11.11 Addressing Performance Issues

Reread the contract so that you fully understand what the supplier has agreed to do and when work will be completed. This is the key to keeping an active watch on the progress of the contract. It will also enable you to identify any potential problems with the delivery of the contracted goods or services.

If you identify any concerns with the contract delivery, it is important to raise the issue in a calm and sensible manner with the supplier. A conversation may reveal the cause of the problem and allow you to work with the supplier to address the issue. If the issue cannot be resolved or if there are ongoing issues with the contract, please contact the Procurement and Risk Advisor.

### 11.12 Closing the Contract

When all goods and services have been delivered, accepted by the contract manager as conforming with the requirements of the contract and final payment made to the supplier, the contract manager should inform Finance Section for the purpose of closing the relevant purchase order in SharePoint and MYOB. This notification may be done via email to [accounts@moadoph.gov.au](mailto:accounts@moadoph.gov.au)

It is particularly important to close a contract where unspent funds remain to ensure financial reports do not incorrectly show commitments for a completed project/activity.

## Appendix A: Roles and Responsibilities

The following tables for procurement and contract management process outline the roles and responsibilities of business areas and the Finance and Business (F&B) section.

| Procurement process element  | Business Area | F&B Section |
|--|---------------|-------------|
| 1. Identify the need for procurement.  | X             |             |
| 2. Seek guidance and in principle agreement from Section Head for the procurement and available funds from the budget.   | X             |             |
| 3. Review <a href="#">procurement considerations</a> , conduct market research and identify potential suppliers (one to three suppliers is reasonable for a limited tender)  | X             |             |
| 4. Determine what procurement approach is appropriate and compliant with the CPRs.   | X             |             |
| 5. Seek advice and guidance from the Finance Team on procurement approach.   |               | X           |
| 6. Develop a procurement plan and draft contract.  | X             |             |
| 7. Review and undertake quality assurance over the procurement plan and draft contract.  |               | X           |
| 8. Undertake a procurement risk assessment and if required, develop a procurement risk management plan (mandatory where an <u>indemnity, warranty or guarantee is expected</u> ).  | X             |             |
| 9. Provide advice on procurement risk. Review and quality assurance over prepared risk management plans.   |               | X           |
| <p>10. Undertake procurement following the CPR requirements:</p> <p><u>Whole-of-Government Coordinated Procurement</u></p> <p>No threshold applies to all procurements</p> <p>Opt-in arrangements (for Corporate Commonwealth Entities), established through an open tender process.</p> <p><u>Procurement from a Deed of Standing Offer or a Panel</u></p> <p>No threshold.</p> <p>Procurements from panels are conducted in accordance with the process established in the deeds of standing offer and by approaching one or more panel members for quotations and demonstrating value for money.</p> <p><u>Simple purchase</u></p> <p>&lt;\$10,000 Limited Tender—one quote is required, undertake market research if the requirement is unknown.</p> <p><u>Procurement under the threshold</u></p> <p>\$10,000 - \$79,999 Limited Tender.</p> <p>Undertake market research and/or seek more than three responses if the requirement is unknown. Must demonstrate value for money through an assessment of the responses to the</p> | X             |             |

| Procurement process element   | Business Area        | F&B Section                     |
|---|----------------------|---------------------------------|
| <p>Approach to Market (ATM). If only one response is sought, Value for Money (VFM) may be established through market research.</p> <p><u>Procurement \$80,000 - \$1,000,000</u></p> <p>Consideration should first be given to any Indigenous businesses that may be able to supply the goods or services in accordance with the Indigenous Procurement Policy (IPP). If no Indigenous supplier can be used, consider the Small and Medium Enterprises (SME) exemption for Australian and New Zealand businesses with an FTE of &lt;200.</p> <p>Open Tender—if none of the above apply, an open tender must be conducted. Contact the Procurement and Risk Advisor for assistance.</p> <p><u>Procurement &gt;\$1,000,000</u></p> <p>Open Tender unless relevant panel, opt-in to whole of Government. Also consider if Indigenous Procurement Policy (IPP) is appropriate. OPH Board approval is required for all procurements value at or above \$1M.</p> <p>Note: The Open tender threshold for construction services the relevant threshold is \$7.5 million.</p> |                      |                                 |
| 11. Quality Assurance of information entered into SharePoint forms  |                      | X                               |
| 12. Seek approval from the financial delegate to endorse the procurement process outcome for the successful supplier.   | X                    |                                 |
| 13. Spending delegate exercises their delegation in the SharePoint.   | X                    |                                 |
| 14. Finance Team review and quality assure procurement details entered into SharePoint /MYOB.   |                      | X                               |
| 15. If the procurement is over \$80,000 (non-construction) or \$7.5 million (construction), then details are provided to AusTender within 42 days of entering into the arrangement.   |                      | X                               |
| 16. Invoice submitted by supplier for payment for goods and services and processed by the Finance Team  | X (goods receipting) | X (checking and making payment) |

## Contract Management

| Contract management process element   | Business Area | F&B Section            |
|---|---------------|------------------------|
| 1. Plan, evaluate and negotiate the contract.   | X             | X (assist, as needed)  |
| 2. Consider the impact of risk on OPH and the transfer of risk to the supplier.   | X             | X (assist, as needed)  |
| 3. Drafting of the contract that considers delivery, acceptance issues and performance management regimes.  | X             | X (assist, as needed)) |
| 4. Contract signing by both parties.  | X             |                        |
| 5. Identification of key roles and management activities of the contract manager.   | X             |                        |
| 6. Allocation of accountability for the different contract management activities and management of risk and resources to help minimise the risk of contract failure.  | X             |                        |
| 7. Manage contract and contract performance through regular engagement with the supplier and review of delivery and milestones.   | X             |                        |
| 8. Ad hoc reporting to the contract managers to understand if they will need to be extended or a new supplier engaged.  |               | X                      |
| 9. Manage contract closure including ensuring that obligations and liabilities between the parties are finalised.   | X             |                        |
| 10. Measure contract outcomes to understand if value for money was achieved during the life of the contract. This also enables identification of process improvements and may contribute to better value for money in future.   | X             | -                      |
| 11. Monitor remaining funds on the contract by checking funds remaining on the PO spending approval record on SharePoint.<br>As the contract nears its end date - consider exercising options to extend the contract, running a new procurement process if needed and plan the transition to a new supplier for goods or services as appropriate. | X             |                        |
| 12. Contract closure – ensure final invoices are paid and contract record (purchase order) in MYOB is closed  | X             |                        |

## Appendix B: Procurement Considerations

Having this information on hand will make completing the documentation for the procurement a more efficient process and ensure that the Spending Delegate has the information they need to decide in relation to your spending proposal. Gathering some of this information is relatively easy and will only take a moment whereas other information could require investigation and take several weeks – it is all subject to the size, value and risk associated with the procurement.

### Define the business requirement

1. What types of goods/services are required?
2. Can the goods and/or services needed be obtained through non-procurement means e.g. in house?
3. Is the proposed procurement part of a larger project, capital works, or for the acquisition of an object for the MoAD collection? If so, additional approval processes will need to be undertaken BEFORE any procurement process can be commenced, please check with your section head if in any doubt.
4. Is the delegate aware of the proposed procurement and are their funds available for this purpose?
5. How much are the goods/services expected to cost?
6. How long do you expect the delivery of goods/services to take?
7. Do other areas of OPH have the same sort of business requirement? Is collaboration or consultation an option?
8. Is funding only available for a certain period?
9. What cost centre will be used?
10. Are there any dependencies between these goods/services and other procurement/project activities?
11. Is there a time this needs to start or finish by?
12. What will the contract term be? If you are planning on having a contract only for period of a one-off service/goods deliver, consider if there are any benefits to extending the term to cover future similar purchases
13. Will there be any travel involved? How will this be managed?

### Confidentiality

14. Are there any confidentiality requirements that apply to documentation that will be provided to suppliers?
15. Will the supplier need to provide you with appropriate security clearance?

### Risk Management

1. Risk must be considered for all procurements. There can be risks in choosing the most appropriate procurement method; conducting the procurement; and, in establishing and managing the resulting contract. You should **not** assume that a low value procurement poses no risk.
2. Is there any sensitivity that may require briefing, involvement, management etc. at a more senior level?
3. What are the risks associated with this procurement or the resultant contract?

4. Has a risk management plan been completed? (For example, where there an indemnity, guarantee or warranty exists)
5. What type and/or level of insurance does OPH require the successful supplier to hold? Discuss with the Procurement and Risk Advisor if unsure.

#### **Selecting the appropriate Procurement Method**

6. Is there a [WoAG Arrangements](#)<sup>24</sup> that apply to the goods/services?
7. Is this a procurement at or above the threshold? Remember estimates must include GST and any optional contract extensions).
8. Is there an existing contract/panel arrangement that we can purchase through? Search [Panels](#)<sup>25</sup> to check.
9. How well do you know the market? Will this change if we go through a panel arrangement?
10. Is a potential supplier a majority Indigenous owned company? Check [Supply Nation](#)<sup>26</sup>. If the company is listed, the [Indigenous Procurement Policy](#)<sup>27</sup> will apply.
11. If no potential supplier can be found under the IPP and the procurement is valued between \$80,000 - \$200,000 consider the [SME Exemption](#) for limited tender.
12. Consider the use of a business that employees disabled people. Check [BuyAbility](#)<sup>28</sup>
13. Is the procurement ICT related? Search [Digital Marketplace](#)<sup>29</sup>
14. How many suppliers do we need to approach for a Limited Tender or if the estimated value is over \$80,000, do we need to conduct an open tender? How will we approach this? (Refer to the checklists for procurements under and over the threshold)

#### **Type of contract and ongoing management**

15. If the procurement is valued at <\$10,000 and payment can be made on credit card?
16. If the procurement is between \$10,000 and \$80,000 can standard Purchase Order be used (with standard Commonwealth terms attached) or is a CCS contract more appropriate?
17. If the procurement is under \$1,000,000 can the [Commonwealth Contracting Suite](#) standard contract be used?
18. Do we need specialised advice around the contracting requirements?
19. Are their [risks](#) associated with the procurement that require addressing in the contract? e.g. options such as key performance indicators, staged payments, regular meetings, and dispute mechanisms may need to be considered in procurements.
20. Who is going to manage the contract? Does this person have capacity to manage this contract? Review the [contract management checklist](#) to gain an understanding of the tasks involved in contract management.

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<sup>24</sup> <https://www.finance.gov.au/government/procurement/whole-australian-government-procurement>

<sup>25</sup> <https://www.tenders.gov.au/Panel/List>

<sup>26</sup> <https://supplynation.org.au/>

<sup>27</sup> <https://www.finance.gov.au/government/procurement/clausebank/indigenous-procurement-policy-ipp>

<sup>28</sup> <https://buyability.org.au/>

<sup>29</sup> <https://marketplace.service.gov.au/>

## Appendix C Commonwealth Contracting Suite (CCS) templates

To access CCS, you will need to create a [User Account](#)<sup>30</sup>

- Once registered, log in and select template no. 5 – Commonwealth Contract
- You will then be guided through a questionnaire. This questionnaire effectively ‘builds’ the contract with each response resulting in the insertion of the relevant clause into the contract.
- If you are unclear about how to answer a question:
  - read the guidance provided in the CCS questionnaire
  - read the FAQs below.
  - seek advice from the OPH Procurement and Risk Advisor

### FAQs

| Question  | Answer   |
|---|--|
| What is our entity name?                                  | Old Parliament House   |
| What is our entity type?                                  | Corporate Commonwealth Entity  |
| What is our ABN?  | 30 620 774 963   |
| What is our postal address?                               | PO Box 3934 Manuka ACT 2603  |
| What is the reference ID?                                 | This is the number assigned to the Spending Approval e.g. OPH2020/2021-106   |
| What is the start date for the contract?                  | As service delivery can't commence prior to contract signing, the start date will therefore be a date in the future.   |
| Can I include an option period?                           | Yes, if it has been approved as part of the procurement process. Option periods are very useful and should be included where possible.   |
| What should I include in the Requirement?                 | See the guidance provided with this question in the CCS. What is written here is what the supplier commits to deliver and must clearly reflect the needs of OPH.   |
| What level of clearance do we require?                    | Security clearance requirements should be discussed with your manager or the Procurement and Risk Advisor.   |
| Do we have any other specific security requirements?      | Where relevant, insert:<br>“The Supplier must, if using or accessing the Customer’s premises or facilities, sign in/out at the security desk and wear a security sticker for the duration they are on the Customer’s premises or facilities.<br>Where a photo ID security pass is required, the Supplier must produce 100 points of identification for each proposed pass holder. 100 Points of Identification Guidelines can be found at: <a href="#">100 Point Check</a> <sup>31</sup> |
| Will we be providing background Material to the Supplier? | Background Material may include such things as: exhibition designs; OPH policy documents; briefs or scoping documents.   |
| Public Interest Disclosure                                | Insert:<br>Andrew Harper<br><a href="mailto:Andrew.Harper@moadoph.gov.au">Andrew.Harper@moadoph.gov.au</a><br>02-62708170  |
| Complaints  | Insert:<br>Andrew Harper<br><a href="mailto:Andrew.Harper@moadoph.gov.au">Andrew.Harper@moadoph.gov.au</a><br>02-62708170  |

<sup>30</sup> <https://ccs.finance.gov.au/Infiniti/Produce/wizard/fadd2c7b-6a0c-4a28-afd0-d7f4086629f3>

<sup>31</sup> <https://www.afp.gov.au/sites/default/files/PDF/NPC-100PointChecklist-18042019.pdf>

| Question  | Answer  |
|---|---|
| Does this contract include Intellectual Property (IP) rights? | If yes, in most cases, you should select the 'Default' option. The Commonwealth's view is that we should allow the Supplier to continue to own the IP rights. Selecting the default will provide us with a non-exclusive, worldwide, irrevocable licence to use the IP.   |
| Should we include the right to commercially exploit the IP?   | If we wish to use ANY of the IP for commercial exploitation e.g. the production and sale of BTL catalogues, we MUST select the option to INCLUDE the right of commercial exploitation. Once you make your selection, the relevant clause will appear. Review this clause carefully to make sure it meets our needs. If not, you may need to choose a different option.  |
| Payment timeframes  | OPH pays invoices within 20 days of receipt of a <a href="#">properly rendered invoice</a> <sup>32</sup>  |
| Liability Cap for Supplier                                    | Accepting a Liability Cap for a Supplier may result in additional costs for OPH. If there is a Liability Cap in place, the compensation payable by the Supplier will be limited to the level of Liability Cap agreed. Therefore, Liability should not generally be capped. If there is a compelling reason to do so, a risk assessment MUST be undertaken and approved in accordance with the <a href="#">OPH Risk Management Framework</a> <sup>33</sup> . |
| Supplier details  | Completing the ABN lookup details will ensure you use the correct legal entity name and ABN. If you are unsure of the status of the Supplier's legal entity, contact the Supplier to confirm. This is important as it significantly changes the final form of the contract and the signatures that are required.  |
| Workplace Gender Equality Act 2012                            | Click on the '?' in the template for details of 'relevant employer'   |
| Do we need specific people to do the work?                    | If yes, provide details.  |
| Has the Supplier nominated any sub-contractors/               | If yes, provide details   |
| Has the Supplier identified any Conflicts of Interest (Col)?  | If yes, you MUST provide details of the Col and how it will be managed. A record of the Col and the Delegate's approval of the Col management plan must also be maintained.   |
| Confidential Information of the Supplier                      | OPH can ONLY agree to the inclusion of Confidential Information if that information meets the <a href="#">Confidentiality Test</a> <sup>34</sup>  |
| What is the preferred method of invoicing?                    | Email   |
| Should I save my answers to the questionnaire?                | Yes   |
| What next?  | Press the "Generate CCS Contract" button and save the Word version of the contract. Read the contract to make sure it meets our needs. If not, either: <ul style="list-style-type: none"> <li>revisit the questionnaire, amend your responses and generate a new draft</li> <li>make any minor amendments to the word doc (be careful not to change the wording of clauses)</li> </ul>  |

<sup>32</sup> <https://sellingtogov.finance.gov.au/guide/gettingpaid>

<sup>33</sup> [http://oph-intranet.nma.gov.au/corp\\_services/contracts/index.html#risk](http://oph-intranet.nma.gov.au/corp_services/contracts/index.html#risk)

<sup>34</sup> <https://www.finance.gov.au/government/procurement/buying-australian-government/confidentiality-throughout-procurement-cycle>

## Appendix D: Checklist, Under the threshold

| STAGE  | Action   | Complete  |
|--|--|---|
| <p><a href="#"><u>1 - Planning a Procurement Process</u></a></p> | <p>Identify the need to procure goods/services</p> <p>Estimate the value of the procurement (and check this against funds available, discuss with the director responsible for the identified cost centre)</p> <p>Determine Procurement Method (Either purchasing off a panel otherwise conduct a limited tender)</p> <p>Discuss the requirement and any risks of proceeding/not proceeding with the Spending Delegate.</p> <p>For Procurements &lt;\$10,000 - Determine if credit card payment would be the likely method of purchase. Reduced procurement documentation is required if credit card is being used.</p> <p>Complete a Procurement Plan to document the above. Use an email to the delegate or a file note for procurements &lt;\$10,000.</p> <p>For Procurements &gt; \$10,000 the following must be documented in the SharePoint form:</p> <ul style="list-style-type: none"> <li>- Procurement method</li> <li>- Suppliers to be chosen and reasoning</li> <li>- Evaluation methodology</li> <li>- Evaluation team</li> <li>- Period of arrangement</li> <li>- Budget availability</li> <li>- Risks with the procurement</li> </ul> <p>Approach the market</p> <p>Identify potential suppliers via research on the panel you are using or internet research if conducting a limited tender.</p> <p>Finalise scope, cost estimates and expected timeframes.</p> <p>Ensure you have delegate approval to approach the market (i.e. release Request for Quotes (RFQ)). For procurements over \$10,000 this is documented using the SharePoint form.</p> | <p style="text-align: center;"><input type="checkbox"/></p> |
| <p><a href="#"><u>2- Supplier Evaluation</u></a></p>             | <p><b><u>Request for Quote (RFQ)</u></b></p> <ul style="list-style-type: none"> <li>- <b><u>Limited Tender</u></b></li> </ul> <p>Use <a href="#"><u>Commonwealth Contracting Suite (CCS)</u></a> to prepare RFQ.</p> <p>Email suppliers seeking quotes (individual email, give all suppliers the same time to respond).</p> <ul style="list-style-type: none"> <li>- <b><u>Panel</u></b></li> </ul> <p>Seek quotes from panel by using RFQ template available on AusTender or use the RFX feature in DS4P (request access from the Procurement and Risk Advisor).</p>  | <p style="text-align: center;"><input type="checkbox"/></p> <p style="text-align: center;"><input type="checkbox"/></p>   |



## Appendix E: Checklist, Procurement - Over the threshold

| STAGE   | Action   | Complete  |
|---|--|---|
| <p><a href="#">1 - Procurement Plan</a></p>   | <p>Establish an official record (CM9)</p> <p>Confirm funding availability/budget source</p> <p>Estimated value of the procurement</p> <p>Prepare Statement of Requirement</p> <p>Determine Procurement Method</p> <p>Assistance/Resources to assist the procurement</p> <p>Risk Assessment &amp; if applicable, Risk Management Plan</p> <p>Scope approvals (as required)</p> <p>Complete a Procurement Plan using the SharePoint form. The following must be documented:</p> <ul style="list-style-type: none"> <li>- Procurement method</li> <li>- Suppliers to be chosen and reasoning (for panels)</li> <li>- Evaluation methodology</li> <li>- Evaluation team</li> <li>- Period of arrangement</li> <li>- Budget availability</li> <li>- Risks with the procurement</li> </ul> <p><a href="#">Approach the market</a></p> <p>Develop documentation to release to the market (RFQ, RFT, Official Order)</p> <p>Identify and develop appropriate contractual arrangement using the <a href="#">CCS</a> (not required for panel arrangement where an Official Order will create the agreement)</p> <p>Establish Tender Evaluation Committee</p> <p>Prepare, finalise and obtain delegate approval for Tender Evaluation Plan (prior to release of documents).</p> <p>Ensure you have delegate approval to approach the market (i.e. release request for quotes) by completing the <a href="#">spending approval form on SharePoint</a>.</p> | <p><input type="checkbox"/></p> |
| <p><a href="#">2- Supplier Evaluation</a></p> | <p><b><a href="#">Limited Tender – using a SME or other exemption</a></b></p> <p>Email suppliers seeking quotes (individual email, give all suppliers the same time to respond).</p> <p>Evaluate quotes/submissions against the requirement issued to the supplier and any advice issued to potential suppliers on how the evaluation process will be managed.</p> <p><b><a href="#">Open Tender</a></b></p>   | <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p>   |



## Appendix F-1: How to complete a spending approval <\$10,000

- 1) Go to the [Spending Approval Form](#)<sup>35</sup> on SharePoint
- 2) Click 'New Spending Request'

The screenshot shows the SharePoint 'Spending Approvals' page. At the top, there is a search bar and navigation options like 'BROWSE PAGE'. Below the page title, there are buttons for 'New spending request', 'Export to Excel', 'New MYOB Supplier Request', 'Import Vendors', and 'Finance Export'. A table lists several requests with columns for Requestor, Description of Goods and/or Services, Supplier Name, Procurement Method, Total Cost (AUDS), Invoice Amount, Payment Method, GL Code, Cost Centre, Project, Status, and Approver.

| Requestor          | Description of Goods and/or Services | Supplier Name | Procurement Method | Total Cost (AUDS) | Invoice Amount | Payment Method | GL Code | Cost Centre | Project | Status   | Approver      |
|--------------------|--------------------------------------|---------------|--------------------|-------------------|----------------|----------------|---------|-------------|---------|----------|---------------|
| Katie Sproule      | Dress Up Nancy Wake Dress            | Depop         | Single Quote       | \$20.00           | Add invoice    | Credit Card    | 6920    | 218         | 0000    | Approved | Emma Diamond  |
| Katie Sproule      | Dress Up Nancy Wake Dress            | Depop         | Single Quote       | \$50.00           | Add invoice    | Credit Card    | 6920    | 218         | 0000    | Approved | Emma Diamond  |
| Katie Sproule      | Dress Up Frida Kahlo Skirt           | Depop         | Single Quote       | \$45.00           | Add invoice    | Credit Card    | 6920    | 218         | 0000    | Approved | Emma Diamond  |
| Trent Winter-Perry | Shop Shelving: IKEA                  | Credit Card   | Single Quote       | \$800.00          | Add invoice    | Credit Card    | 6300    | 352         | 1004    | Approved | Andrea Garcia |

- 3) Fill out the form as per example below:

**EXAMPLE-ONLY**

The screenshot shows the 'Spending Approval Form' with the 'Details' tab selected. The form contains the following fields and values:

- Description of Goods and/or Services:** Shop-Stock:-Books
- Supplier Name:** Booktopia
- Procurement Method:** Single Quote
- Panel No or Reason for Single Quote:** Low-Risk,-Low-Cost
- This procurement is Value for Money because:** Lowest price and meets OPH requirements (in)
- Payment Method:** Invoice
- Total Estimated Cost (inc GST):** \$250.00
- Is GST Included in Total Cost?
- Total in AUDS (excl GST):** (empty field)
- Approver:** Enter a name or email address...
- GL Code:** 6919--Shop-Merchandise
- Cost Centre:** 352--MoAD-Shop-(Little-Corner-Shop)
- Project:** 1004--Little-Corner-Shop
- Expenditure Type:** (empty field)
- Is this a staff reimbursement?
- Contingent Liability?
- Considered an asset (+\$2K)
- Additional Information:** Any-additional-comments-re-the-purchase.

Navigation buttons at the bottom: Previous, Next, Save.

Click 'Next'

<sup>35</sup> <https://nma4.sharepoint.com/sites/OPH-Home/FinAcc/SitePages/Spending Approvals.aspx>

- 4) Optional – add attachments such as an email trail or quote.

1. Details 2. Attachments

Supporting documents:

| Filename  | Size |
|---|------|
| <input type="button" value="Choose file"/> No file chosen |      |
| <input type="button" value="Choose file"/> No file chosen |      |
| <input type="button" value="Choose file"/> No file chosen |      |

Previous Save Submit

- 5) Click Save. A pop-up window should come up notifying you that the form has saved.

nma4.sharepoint.com says

The form has been saved

OK

Click 'OK'

If you didn't get a pop-up, the form has most likely not been saved.

- 6) The spending approval has now been SAVED, not yet submitted. To submit, click the pencil.

| Requestor     | Description of Goods and/or Services | Supplier Name | Procurement Method | Total Cost (AUDS) | Invoice Amount | Payment Method | GL Code | Cost Centre | Project | Status | Approver      |   |
|---------------|--------------------------------------|---------------|--------------------|-------------------|----------------|----------------|---------|-------------|---------|--------|---------------|---|
|               |                                      |               |                    |                   |                |                |         |             |         |        |               |   |
| Maja Asimoska | Test                                 | test          | Single Quote       | \$6.00            |                | Invoice        | 6962    | 351         | 0000    | Draft  | Keegan Heiser |  |

✕

1. Details2. Attachments

|   |   |
|---|---|
| <p>Description of Goods and/or Services:<br/><input style="width: 95%;" type="text" value="Test"/></p> <p>Supplier Name:<br/><input style="width: 95%;" type="text" value="test"/></p> <p>Procurement Method:<br/><input style="width: 95%;" type="text" value="Single Quote"/></p> <p>Panel No or Reason for Single Quote:<br/><input style="width: 95%;" type="text" value="low risk, low cost"/></p> <p>This procurement is Value for Money because:<br/><input style="width: 95%;" type="text" value="Lowest price and meets OPH requirements (in"/></p> <p>Payment Method:<br/><input style="width: 95%;" type="text" value="Invoice"/></p> <p>Total Estimated Cost (inc GST):<br/><input style="width: 95%;" type="text" value="\$6.00"/></p> <p><input checked="" type="checkbox"/> Is GST Included in Total Cost?</p> <p>Total in AUD\$ (excl GST):<br/><input style="width: 95%;" type="text" value="\$5.45"/></p> | <p>Approver:<br/><input style="width: 95%;" type="text" value="Keegan Heiser x"/></p> <p>GL Code:<br/><input style="width: 95%;" type="text" value="6962 Office Consumables"/></p> <p>Cost Centre:<br/><input style="width: 95%;" type="text" value="351 Finance"/></p> <p>Project:<br/><input style="width: 95%;" type="text" value="0000 BAU"/></p> <p>Expenditure Type<br/><input style="width: 95%;" type="text" value="Operational"/></p> <p><input type="checkbox"/> Is this a staff reimbursement?</p> <p><input type="checkbox"/> Contingent Liability?</p> <p><input type="checkbox"/> Considered an asset (+\$2K)</p> <p>Additional Information:<br/><input style="width: 95%; height: 40px;" type="text"/></p> |
|---|---|

PreviousNextSave

Click 'Next'

Click 'Submit'.

If the page doesn't automatically reload, refresh the page.

The status of the request should now be 'Pending'.

| Requestor      | Description of Goods and/or Services | Supplier Name | Procurement Method | Total Cost (AUDS) | Invoice Amount | Payment Method | GL Code | Cost Centre | Project | Status  | Approver      |  |
|----------------|--------------------------------------|---------------|--------------------|-------------------|----------------|----------------|---------|-------------|---------|---------|---------------|--|
| Maya Aslimoska | Test                                 | test          | Single Quote       | \$6.00            |                | Invoice        | 6962    | 351         | 0000    | Pending | Keegan Heiser |  |

Wait for Approval. You will be notified by email once the delegate has approved the spending approval

7) Once the spending request is approved, click 'add invoice'.

| Requestor      | Description of Goods and/or Services | Supplier Name | Procurement Method | Total Cost (AUDS) | Invoice Amount              | Payment Method | GL Code | Cost Centre | Project | Status   | Approver      |  |
|----------------|--------------------------------------|---------------|--------------------|-------------------|-----------------------------|----------------|---------|-------------|---------|----------|---------------|--|
| Maya Aslimoska | Test                                 | test          | Single Quote       | \$6.00            | <a href="#">Add invoice</a> | Invoice        | 6962    | 351         | 0000    | Approved | Keegan Heiser |  |

8) Fill out the form, including uploading the invoice and save.

**EXAMPLE ONLY**

### Add Invoice ✕

Description of Goods and/or Services:

Invoice number:

Invoice amount:

Invoice date:

Supplier Name:

Upload invoice  
 No file chosen

Confirm that goods and services have been received

An automated email has now been sent to [accounts@moadoph.gov.au](mailto:accounts@moadoph.gov.au) where the invoice will be paid by the finance team.

## Appendix F-2: How to complete a spending approval > \$10,000

### Stage 1: Procurement Plan

Spending Request > \$10K
✕

Reference number: 
Stage: Procurement Plan  
Approval Status: Draft

▶ 1. Procurement Plan

Description of Goods and/or Services:

Procurement Method:  Less than \$80K  Greater than or equal to \$80K  Panel

Who are the supplier(s) being approached and the reasons for approaching them

| Supplier name | Reason |
|---------------|--------|
| Not found     |        |

Have any suppliers capable of providing the services been identified on the [Supply Nation Register](#) of suppliers that are a minimum of 50% indigenous owned

Yes  No

enter the supplier's name and reason why you are choosing said supplier (e.g. 'past experience', 'only supplier' etc)

Evaluations will be evaluated in accordance with: [Standard Evaluation Methodology](#)

The Standard Evaluation Process  
 The attached Tender Evaluation Plan

Evaluation team chair – Finance team member

Finance team manager

Evaluation Lead Team Member

Your manager

Evaluation team member

Yourself/person involved

Period of arrangement: Enter dates (these may revert to 'invalid date' so keep an eye on them – if they do, enter the correct date again)

| Term           | Start Date                              | End Date                                | Estimated Value inc. GST            |
|----------------|---|---|-------------------------------------|
| Initial Period | <input type="text" value="01/07/2021"/> | <input type="text" value="30/06/2022"/> | <input type="text" value="\$0.00"/> |
| Option Term 1  | <input type="text" value="01/07/2022"/> | <input type="text" value="30/06/2023"/> | <input type="text" value="\$0.00"/> |
| Option Term 2  | <input type="text" value="01/07/2023"/> | <input type="text" value="30/06/2024"/> | <input type="text" value="\$0.00"/> |

Estimated value of arrangement (including option periods)

| Current FY \$                                | Future FY \$                                 | Total \$             |
|--|--|----------------------|
| <input type="text" value="GST Incl Amount"/> | <input type="text" value="GST Incl Amount"/> | <input type="text"/> |

Is budget available?  Yes  No

Have risks been identified? See: [Risk assessment workbook](#)

Yes  No

Approving delegate

Comments

Once it's completed, press save – ensure a message pops up on the screen saying the form has been successfully saved. Sometimes this doesn't work, so press the x on the top right corner → refresh the page → open the spending approval again → submit. Repeat the refresh step to make sure your form has submitted.

Wait for delegate approval. You will receive an email notification once the procurement plan has been approved.

### Stage 2: Supplier Evaluation

1. Procurement Plan

2. Supplier Evaluation

Evaluation

| Supplier  | Total Score | Add |
|-----------|-------------|-----|
| Not found |             |     |

Value for Money Assessment

Preferred supplier:

This procurement is Value for Money because:

Assessment Criteria **EXAMPLE ONLY**

Supplier name: **Master Carpets ACT** Score

Extent to which the potential supplier's response meets the customer's requirements set out in the ATM: **The supplier's response meets all the requirements as set out in the ATM.**  (0-5)

Potential supplier's demonstrated capability and capacity to provide the requirements: **Previous experience with Master Carpets ACT has demonstrated both capability and capacity to meet MoAD's requirements.**  (0-5)

Whole of life costs: **\$15000**  (0-5)

Total score:

Save Cancel

Add as many suppliers as need and score them.

The highest scoring supplier can be entered in the "Preferred Supplier" field and selected from the drop-down list.

Value for Money Assessment

Preferred supplier:

This procurement is Value for Money because:

Documents

Document Name CMO Reference Attachment Add

Lowest price and meets OPH requirements (including timeframes)  
 Competitive/ Higher Price and meets OPH requirements  
 Experience / Past Performance  
 Other

Select one of the options from the drop-down list for the above step and submit for approval.

Press the x and refresh the page. Go back into the form to make sure it has been submitted.

Wait for delegate approval You will receive an email once the delegate has approved.

**Stage 3: Contract Details**

3. Contract Details

Agreement Type

Agreement manager

| Term           | Start Date                              | End Date                                  | Estimated Value inc. GST                 |
|----------------|---|---|--|
| Initial Period | <input type="text" value="08/02/2021"/> | <input type="text" value="Invalid date"/> | <input type="text" value="\$1,500.00"/>  |
| Option Term 1  | <input type="text" value="09/01/2021"/> | <input type="text" value="Invalid date"/> | <input type="text" value="\$10,000.00"/> |
| Option Term 2  | <input type="text" value="09/01/2023"/> | <input type="text" value="Invalid date"/> | <input type="text" value="\$1,500.00"/>  |

Period of arrangement:  
 Enter dates (these may revert to 'invalid date' so keep an eye on them – if they do, enter the correct date again

Is there a contingent liability?  Yes  No

Has a conflict of interest been identified?  Yes  No

Have risks been identified?  Yes  No  
 See: [Risk assessment workbook](#)

Have strategies been put in place to mitigate the risk?  Yes  No

What is the risk level?

Refresh the page to check that the form has been saved.

Wait for a purchase order to be generated by the finance team

**Stage 4: Purchase Orders – add invoice for payment**

4. Purchase Orders

| PO No     | Start Date | End Date   | Amount      | Balance | Type           | Status   | Invoice                     | Variation   |
|-----------|------------|------------|-------------|---------|----------------|----------|-----------------------------|---|
| PO2000151 | 01/07/2021 | 30/06/2022 | \$24,832.50 | \$0.00  | Initial Period | Approved | <a href="#">Add invoice</a> |  |

Total funds available: \$24,832.50      Funds spent: \$24,832.50      Funds remaining: \$0.00

Click the pencil

**Purchase Order Details** *EXAMPLE-ONLY* ✕

Purchase order number: PO2000148

Description of goods and services: Laying of new replica carpet in lower Senate

Supplier name: Master Carpets ACT Pty Ltd

Option period: Initial Period

Start date: 01/07/2021

End date: 30/06/2022

Total \$AUD (gst inclusive): \$20,000.00

| GL Code                             | Cost Centre  | Project Code | Add   |
|-------------------------------------|--------------|--------------|---|
| 6607 Building - Maintenance - Adhoc | 000 Overhead | 0000 BAU     |  |

Expense accounts:

Request is value for money because: Lowest price and meets OPH requirements (including timeframes) ▾

Considered an asset (+\$2K?):  Yes  No

Approving delegate: Grebert, Chris

Click 'add'

**Add Account** ✕

GL Code:  ▼

Cost Center:  ▼

Project Code:  ▼

Pick the appropriate codes and click OK.

Save and submit

The Finance team will process and pay the invoice.

## Appendix G: Contract Management Checklist

This checklist could be used by the contract manager with management responsibility for overseeing a contract or contracts to gain assurance that the necessary governance arrangements are in place at the commencement of the contract. The ongoing management section of the checklist could be used periodically, usually every three or six months, to check that the necessary actions are being taken to manage the contract.

| Contract commencement  | Complete                 |
|--|--------------------------|
| 1. Does the contract manager have the required level of skills and experience?   | <input type="checkbox"/> |
| 2. Does the contract manager have a satisfactory level of understanding of the contract and of the relevant subject matter?                      | <input type="checkbox"/> |
| 3. Have risks to the management of the contract been identified and risk treatments identified?  | <input type="checkbox"/> |
| 4. Is it clear who is responsible for implementing/actioning any necessary risk treatments?  | <input type="checkbox"/> |
| 5. Has responsibility for all aspects of managing the contract been clearly assigned?  | <input type="checkbox"/> |
| 6. Do delegations exist for the approval of contracts, contract variations and the approval of expenditure?                                      | <input type="checkbox"/> |
| 7. Have all stakeholders been identified and arrangements agreed to obtain feedback/ input throughout the life of the contract?                  | <input type="checkbox"/> |
| 8. Have the benefits of flow-charting internal processes, e.g. dispute escalation arrangements, been considered?                                 | <input type="checkbox"/> |
| Ongoing Management   | Complete                 |
| 9. Are contract payments linked to satisfactory contract performance?  | <input type="checkbox"/> |
| 10. Are all invoices, and any supporting documents, checked to ensure they are in accordance with contract requirements and are in-order to pay? | <input type="checkbox"/> |
| 11. Is timely action taken when contract performance is unsatisfactory?  | <input type="checkbox"/> |
| 12. Are all variations to the contract agreed on value-for-money grounds?  | <input type="checkbox"/> |
| 13. Are all amendments to the contracts subjected to formal contract variations? Is a record maintained of all contract variations?              | <input type="checkbox"/> |
| 14. Where the contract does not meet agreed levels of performance, are any actions taken adequately documented?                                  | <input type="checkbox"/> |
| Where it is decided not to act, is this decision properly approved and documented?   | <input type="checkbox"/> |

| <b>Contract commencement</b>   | <b>Complete</b>          |
|--|--------------------------|
|  |                          |
| 15. For longer term contracts, is the contract subject to periodic review?   | <input type="checkbox"/> |
| 16. Are any disputes addressed in a timely manner and satisfactory efforts made to resolve them?   | <input type="checkbox"/> |
| 17. Is the contract being actively managed so that there is reasonable assurance that the contract outcomes are being achieved?                            | <input type="checkbox"/> |
| <b>Contract extension/renewal</b>  | <b>Complete</b>          |
| 18. Do systems/procedures enable the timely consideration of the need for contracts to be extended or renewed?   | <input type="checkbox"/> |
| 19. Are all contract extensions justified on value for money grounds and approved by the delegate.   | <input type="checkbox"/> |
| 20. Are there arrangements in place designed to ensure that probity issues are identified and addressed during contract extension and re-tender processes? | <input type="checkbox"/> |
| <b>Ending the contract</b>   | <b>Complete</b>          |
| 21. Has the contractor delivered all the required contract outcomes?   | <input type="checkbox"/> |
| 22. Has the contractor met all their contractual obligations?  | <input type="checkbox"/> |
| 23. Has the contractor returned all Commonwealth material, equipment or other resources used or generated during the life of the contract?                 | <input type="checkbox"/> |
| 24. Have all access arrangements been terminated?  | <input type="checkbox"/> |
| 25. Has an evaluation of the contract been undertaken and, where appropriate, lessons learned been built into future contracting activities?               | <input type="checkbox"/> |
| 26. Has the contractor's performance been evaluated, properly documented, and feedback provided to the contractor?   | <input type="checkbox"/> |
| 27. Has the final invoice been paid, and the Purchase Order closed in MYOB?  | <input type="checkbox"/> |