Simple Procurement Guide

A simple guide to purchasing and procurement for staff of the NSW Education cluster
Contents

Introduction ........................................................................................................................................... 3
Procurement Method Easy Reference Guide ...................................................................................... 5
6 simple stages........................................................................................................................................ 5
Stage 1: Confirm funding.......................................................................................................................... 6
Stage 2: Check for an existing contract or scheme .................................................................................. 7
Stage 3: Identify potential suppliers ...................................................................................................... 8
Stage 4: Obtain procurement delegation ............................................................................................... 9
Stage 5: Source/purchase ....................................................................................................................... 10
Stage 6: Establish a contract and manage it........................................................................................... 11
Glossary.................................................................................................................................................. 12

Refer high value ($150,000 +) and/or high risk procurement projects to Procurement Solutions Directorate (PSD) to ensure they are managed in line with DoE accredited processes and NSW Government policy. PSD can provide probity and process advice or arrange to lead and manage the entire process, depending on the complexity of the project and your needs.

<table>
<thead>
<tr>
<th>Version number</th>
<th>Release date</th>
<th>CPO signature</th>
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</thead>
<tbody>
<tr>
<td>Version 1.1</td>
<td>20/11/14</td>
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<tr>
<td>Version 1.2</td>
<td>23/09/15</td>
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<tr>
<td>Version 1.3</td>
<td>29/10/15</td>
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<tr>
<td>Version 1.4</td>
<td>06/05/16</td>
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<tr>
<td>Version 1.5</td>
<td>08/08/16</td>
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</tbody>
</table>
Introduction

Good procurement practice ensures an organisation makes transparent and sensible decisions that reflect value for money and meet the highest probity and best practice standards.

As public servants, we have an obligation to achieve value for money, while treating the supply community fairly and operating within relevant legislation and policy. The Procurement Solutions Directorate (PSD) has developed this guide in conjunction with the Procurement Manual and the Procurement Governance Manual to assist staff within the NSW Education cluster ("the cluster") involved in procurement and purchasing activities. This includes staff from:

- The Department of Education (including corporate directorates and business units, schools and regional offices)
- Board of Studies, Teaching and Educational Standards (BOSTES).

This guide will help you follow the rules that will protect both you and your cluster agency as procurement decisions are made. It intends to show you how straightforward the procurement process can be so that you'll have the tools to undertake policy-compliant procurement on behalf of the Department.

Procurement is a commercial approach to identifying and implementing business solutions. From the high level strategic thinking and business planning, through to the delivery, implementation and management of contracts that ensure the business objectives are realised.

Procurement Solutions Directorate (PSD)

Procurement within the cluster operates on a centre-led basis. This means PSD, as the cluster accredited* authority, establishes, monitors and advises on procurement policy and procedures.

To ensure the cluster meets its procurement reporting obligations, PSD has oversight of all procurement valued from $150,000. To achieve this, PSD or a DoE Procurement Practitioner helps manage or guide these procurement projects.

PSD can provide the resources to conduct sourcing activities on behalf of the cluster and its related entities where required. If PSD does not have the capacity or specific capability to perform any procurement activity, it can engage and manage experienced external resources, with the cost of these resources borne by the originating business unit or entity.

NSW procurement reform

The NSW Government has implemented the NSW Procurement Policy Framework, which:

- Enables contemporary means of sourcing government goods and services.
- Brings the form and content of government contracts in line with modern practice.
- Creates more opportunities for small and medium enterprises to supply goods and services to the Government.
- Introduces greater innovation into government procurement to stimulate the economy.

The system devolves responsibilities to agencies, noting that government agencies have the most appropriate expertise in particular procurement categories.

The overarching requirement for procurement is that a government agency achieves value for money. Essentially, value for money measures the benefits of a good or service, compared to its whole-of-life costs.
### PROCUREMENT METHOD EASY REFERENCE GUIDE

A guide to the appropriate method to approach the market for your procurement activity, based on spend.¹

<table>
<thead>
<tr>
<th>Contract/purchase value (incl. GST)</th>
<th>Procurement method required</th>
</tr>
</thead>
<tbody>
<tr>
<td>$&lt;30,000</td>
<td>• Minimum 1 written quote*</td>
</tr>
<tr>
<td></td>
<td>o The Low Value Quote Evaluation Guide may assist</td>
</tr>
<tr>
<td>$&gt;30,000 - $149,999</td>
<td>• Minimum 1 written quote if on a DoE or State Panel Contract or Scheme*</td>
</tr>
<tr>
<td></td>
<td>• Minimum 3 written quotes if not on a DoE or State Panel Contract or Scheme</td>
</tr>
<tr>
<td></td>
<td>o Use the RFQ Template</td>
</tr>
<tr>
<td></td>
<td>o The Medium Value Quote Evaluation Plan and Report will help you to properly plan and assess your quotes</td>
</tr>
<tr>
<td>$150,000 +</td>
<td>• Advise [Procurement Solutions Directorate (PSD)] of the project</td>
</tr>
<tr>
<td></td>
<td>o See your approved procurement delegate* or complete the [Contract Management Plan Form]</td>
</tr>
<tr>
<td></td>
<td>o PSD to endorse the procurement strategy. All contracts $150,000 and above must be publicly disclosed as per [GIPA Act] . All open market approach or open tenders must be supported by a full strategy documentation without exception.</td>
</tr>
<tr>
<td>Up to $1 million (Construction only)</td>
<td>• Use the Prequalification Scheme for General Construction Works, which is covered by the categories listed in the Scheme, unless:</td>
</tr>
<tr>
<td></td>
<td>o Issuing an open tender through the eTendering website</td>
</tr>
<tr>
<td></td>
<td>o Engaging a contractor using powers available in clause 4 or clause 5 of the Public Works and Procurement Regulation 2014 or Board Direction 2013-04</td>
</tr>
</tbody>
</table>

#### Exceptions to the Easy Reference Guide

<table>
<thead>
<tr>
<th>Obtaining quotes</th>
<th>Use of DoE and State contracts/arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quotes are not required when:</td>
<td>DoE Contracts or State contracts must be used where they are available, except for:</td>
</tr>
<tr>
<td>• Purchasing contract items that are available on the <a href="https://www.doedocs.nsw.gov.au">DoE catalogue</a> (e.g. stationery), or;</td>
<td>• Purchases up to $5,000 (incl. GST), unless the goods or services to be purchased are available on the mandated contracts list</td>
</tr>
<tr>
<td>• Making payments under an agreement following a competitive process to the value of the engagement.</td>
<td>• Australian Disability Enterprises; Aboriginal enterprises up to $150,000; or registered small businesses up to $30,000</td>
</tr>
<tr>
<td>Only one quote is required when purchasing goods or services from an approved Australian Disability Enterprise, or up to the value of $150,000 from an eligible Aboriginal enterprise or up to $30,000 from a registered small business. Value for money must still be achieved.</td>
<td>• Emergency purchases, or;</td>
</tr>
<tr>
<td></td>
<td>• Where an Alternate Supply Request form has been submitted and approved</td>
</tr>
</tbody>
</table>

#### Easy Reference Guide general notes

1. You must ensure value for money with all procurement – this may require more than the minimum number of quotes.
2. All purchases must first be approved under the relevant financial delegations for your unit/entity.
3. Generally,:
   - For the procurement of goods and services using the Department’s finance systems, a Purchase Order is required regardless of value (when the commitment is entered into with the vendor i.e. before goods and/or services are rendered) as part of the order process. Purchase orders are not required where approved alternative purchasing methods are used such as purchasing cards, cash advance cards, petty cash and payments to staff for reimbursement of out-of-pocket expenses.
   - Regardless of the purchasing method used, approval by an appropriately delegated DoE officer and an explanation stating the business nature of the expenditure is required for all purchases. The purchases also need to be supported by original receipts/tax invoices.
4. Procured items must not be split or placed as a succession of orders for the purpose of obtaining the goods or service under a financial delegation level. Non-compliance will be reported to the Employee Performance and Conduct Directorate.
5. Quotes must include the total costs, including the initial purchase price, ongoing service and operational costs that will be incurred as part of the purchase or engagement. Ensure these are all consistent with normal market rates and include GST.
6. Where the requirements of this guide differ from those published elsewhere, the more stringent standard should be applied.
7. This guide does not apply to the acquisition and disposal of motor vehicles, land or buildings.
8. Sourcing projects valued $150,000 and above are to be released and managed through Contract (Re)Source. Exceptions to this requirement must be approved by the CPO.
9. You should consider using purchasing cards to undertake low value transactions, such as purchases up to $5,000 (incl. GST), for greater processing efficiency. Click here for more information on the Department’s Purchasing Card program.

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¹ The procurement method applicable to $150,000 or more, as detailed in the above table, is to apply, in the case of information gathering from the market where no contract value is indicated or committed (eg Request for Information or Expression of Interest) and the indicative contract value would be $150,000 or more if the subject were to be sourced.

▶ Record details of verbal quotes or price checks that helped satisfy the value test

▲ Refer to Procurement delegations (PWP001)
6 simple stages

This guide simplifies the procurement process, helping to reduce risk and save time and resources when you are procuring on behalf of the cluster.

You should follow these stages once you’ve identified and defined the need for goods or services. But remember – if this is a significant procurement project, you will have more options and flexibility if you engage PSD early to provide input to your business case.

The simple procurement stages listed here are detailed in the following pages:

1. **Confirm funding**: Check first that you have a budget and the delegation to sign off on the proposed expenditure.

2. **Check for an existing contract or scheme**: If there’s a DoE Contract available, you must use it\(^2\). Otherwise, check if there is a suitable NSW Government Contract or Scheme\(^3\).

3. **Identify suppliers**: Research the appropriate suppliers to approach. Regardless of whether there is a contract or scheme, you still need to identify who to approach and document why you are approaching them over others.

4. **Obtain procurement delegation**: Obtain approval under the procurement delegation relevant to the procurement approach.

5. **Source/purchase**: Arrange your purchase or market approach.

6. **Establish a contract and manage it**: Seek advice from PSD or Legal to ensure you use the right agreement or terms and then monitor whether the objective of the procurement and the identified value is achieved.

There are, of course, exceptions to the general processes within this Guide. We’ll provide you with as much detail as we can here and will refer you to other documents as relevant.

Projects that are risky, sensitive or are valued from $150,000 (inclusive of GST) must be referred to PSD for advice as early as possible. PSD can support the development of procurement strategies that align with your needs, NSW Government requirements and contemporary best practice.

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\(^2\) Some exceptions exist – [click here](#) for details.

\(^3\) Some schemes are also mandatory.
Stage 1: Confirm funding

Your first step is to determine if funding (a budget) for the procurement project ("the engagement") is available.

- **If funding exists**, obtain approval under financial delegations before any effort is expended by the cluster or the supply market.
- **If funding isn't available**, consult with Finance Directorate to establish the processes for requesting funds. Once approved, proceed to stage 2.

### Delegations

Delegations are powers delegated by the Minister or Secretary to public servants under legislation to perform financial and administrative functions on their behalf.

**Financial delegations** specify the amount of money that public servants are authorised to spend on behalf of the Department. Generally, the amount increases with an officer’s grade.

**Procurement delegations** specify the authority conferred on a public servant to conduct specific procurement-related functions, such as the sale (disposal) of department assets.

Procurement delegations and financial delegations are often interdependent; an officer may be authorised to undertake a particular procurement delegation (such as the disposal of Department assets) up to the limit of their financial delegation.

The table below shows links to financial delegations and procurement delegations relevant to your area.

<table>
<thead>
<tr>
<th>Entity</th>
<th>Delegations</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW Department of Education:</td>
<td>Procurement delegations, Financial delegations</td>
</tr>
<tr>
<td>- Corporate Offices</td>
<td></td>
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<tr>
<td>- NSW Public Schools</td>
<td></td>
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<tr>
<td>- Aboriginal Affairs NSW</td>
<td></td>
</tr>
<tr>
<td>NSW Board of Studies, Teaching and Educational Standards (BOSTES)</td>
<td>Procurement delegations, Financial delegations</td>
</tr>
</tbody>
</table>
Stage 2: Check for an existing contract or scheme

The easiest way to procure goods or services is to use an existing DoE Contract or Prequalification Scheme because most legal and risk issues for the cluster have already been addressed in the negotiation of the contract.

If a DoE contract or scheme doesn’t exist, then you should use a NSW Government Contract or Scheme. Note that Schemes do not cover risks to the degree that contracts do, as only basic checks on the supplier have been done (refer to the table below).

If you can’t buy your goods or service through one of the above options, you’ll need to buy them from a non-contracted supplier.

Whichever option applies to your activity, a step by step process is explained on the following pages.

Identifying a reliable procurement source

The table below provides a simplified guide to the reliability of various procurement sources, describing the different levels of action required to verify the value provided by each source.

<table>
<thead>
<tr>
<th>Source reliability*</th>
<th>Source</th>
<th>Procurement action required</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• DoE Catalogue items marked C</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• DoE contract</td>
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<tr>
<td></td>
<td></td>
<td>• Single supply state contract (e.g. electricity)</td>
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<tr>
<td></td>
<td></td>
<td>• Purchase under financial delegation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Purchase order</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medium</td>
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<tr>
<td></td>
<td></td>
<td>• DoE Catalogue items not marked C</td>
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<tr>
<td></td>
<td></td>
<td>• Prequalification Scheme</td>
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<tr>
<td></td>
<td></td>
<td>• Other Government Panel Contracts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Disability suppliers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Aboriginal suppliers to $150k</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Registered small businesses to $30k</td>
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<tr>
<td></td>
<td></td>
<td>• Ensure value for money</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ensure SME opportunity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Less quotes required (refer Procurement Method Easy Reference Guide)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Order Form / Agreement plus purchase order</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• $150k+ must be disclosed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Open business community</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ensure value for money</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ensure SME opportunity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Quotes or tenders required as per Procurement Method Easy Reference Guide</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• New contract must be developed, approved by Legal Services and managed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Purchase order</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• $150k+ must be disclosed</td>
</tr>
</tbody>
</table>

*The level to which due diligence has been undertaken and / or value can be managed or risk is acceptable for community gain.

Contract or scheme?

Step 1: Determine if the work can be procured through a DoE Contract or Scheme.

- YES: You must* purchase through one of these. You may not need to obtain quotes
- NO: Go to Step 2

Step 2: Determine if the work can be procured through another State Government contract or scheme

- YES: You must* purchase through one of these. You may not need to obtain quotes
- NO: You’ll need to source from the open supply market (see stage 3 b).

*Some exceptions exist. An item can be bought outside of a DoE or State contract for:

- Purchases up to $5,000 (incl. GST) unless the goods or services to be purchased are available on the mandated contracts list.
- Disability Suppliers, Aboriginal suppliers to $150k and registered small businesses to $30k
- Emergencies, under an emergency exemption
- Instances where the same product can be bought through a non-contract provider at less overall cost (use an Alternate Supply Request form).
Stage 3: Identify potential suppliers

a) If multiple suppliers are available on a contract or scheme

If the items you require are on the DoE eCatalogue (e.g. stationery or hardware), you can purchase directly from the supplier with the best prices for those items (see Stage 5). Purchases from the eCatalogue can be made under financial delegation.

If you’re after items that cost less than $150,000, or to engage a resource from the contingent workforce scheme, you can approach a single supplier directly if necessary, so long as you follow the process described in the relevant Contract or Scheme user guides. However, you must ensure value for money and are therefore encouraged to obtain more than one quote wherever possible. When obtaining quotes or, in the case of contingent resources, CVs from State Government panels, agencies should approach at least one small or medium enterprise from the panel to quote or provide CVs.

For items valued $150,000 or more, or to ensure best value for money, you may either:

- approach suppliers to see who is capable of providing the goods/services you need, so you can invite them to quote (please include a small and medium enterprise). You must obtain at least three supplier quotes for procurement projects from $150,000, or;
- request quotes from all suppliers in the relevant category to provide opportunities and promote competition (you need to weigh this against the workload involved if a large volume of responses are received).

_N.B. all contracts $150,000 and above must be publicly disclosed._

b) If no contract or scheme meets your needs

If the total value of the supplier engagement will be under $150,000, you can canvass suppliers from appropriate directories or referrals and determine their interest or capability to provide the goods or services you need so that you can invite them to quote. Obtain quotes as detailed in the Procurement Method Easy Reference Guide to ensure value for money. The quoting process is detailed in stage 5 (but don’t forget to complete stage 4 first!).

Projects $150,000 or above need to be referred to a DoE Procurement Practitioner (refer to your relevant delegations) or to a PSD officer for advice and approval under the appropriate procurement delegation.

You must obtain approval via the appropriate procurement delegation before you approach the supply market – see Stage 4.

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What if:

Only one non-contracted supplier can supply the good/service?

Direct negotiations are discouraged but acceptable in certain circumstances. Refer ICAC Direct Negotiation Guidelines. Direct negotiations up to $150,000 that meet the ICAC Guidelines can be approved under financial delegation; those over $150,000, or where there is any doubt about it meeting guidelines, must be approved by the Chief Procurement Officer.

A supplier approached us with the idea?

You must follow the NSW Government’s Unsolicited Proposals Guidelines. Refer to PSD for support with this process.
Stage 4: Obtain procurement delegation

Unless you are purchasing under financial delegation from an existing DoE contract or single-source State Contract, you need to obtain approval for your procurement method (procurement delegation PWP001) prior to approaching the market.

If the value of the engagement is less than $150,000, officers with the appropriate financial delegation can approve the proposed procurement approach/method, providing it meets the cluster’s procurement policies.

If the value of the engagement is $150,000 or more, the proposed procurement approach/method must be approved by an authorised delegate (refer to Procurement delegations – PWP001, Categories, 1, 2 or 3).

All open market approach or open tenders must be supported by a full strategy documentation without exception.

If the proposed procurement approach/method requires an exemption to policy, it must be referred to the Chief Procurement Officer via a briefing document for review.

If at Stage 3 you have identified that you need to obtain quotes:

- If the value of the engagement is less than $150,000, prepare a simple briefing setting out the proposed procurement approach/method and explaining how it is in line with policy for approval by an officer with the appropriate financial delegation. File this once approved.
- If the value of the engagement $150,000 or more, refer to your DoE Procurement Practitioner (who has relevant procurement delegations and knowledge for progressing the request) or to PSD to prepare the relevant document/s for approval.

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NB: Regardless of the source - you must raise a Purchase Order for every order or engagement

Refer any projects that may be valued from $150,000:

Completing a Contract Management Plan Form will help you understand what elements should be considered. This form will also answer most of the questions a cluster procurement specialist will need to know to complete your approval request.

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Order splitting

'Order splitting' with the intention of avoiding upper procurement or financial threshold levels is prohibited.

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* This includes potential future engagements in relation to an approach for information or interest that has no indicated value or commitment but where the indicative value if the subject was sourced is $150,000 or more.
Stage 5: Source/purchase

Purchasing directly with contracted suppliers

A list of DoE common-use contracts and is available online. Items on the eCatalogue are available through DoE SAP and the Schools Electronic Ordering System (SECO). Ordering through these systems automatically generates an approved Purchase Order.

Requesting quotes

Having secured approval under procurement delegation at Stage 4, you now must ensure value for money. If the project is valued under $150,000 and is low risk, you can follow the quote process below. If it is above $150,000, it must be referred to your DoE Procurement Practitioner or to PSD first.

1. Identify evaluation committee, obtain confidentiality declarations and communicate timelines.
2. Prepare the Request for Quote* documentation and obtain approval.
3. Prepare the Evaluation Plan and obtain management approval.
4. Identify which suppliers from the Contract or Scheme or the business community will be invited to respond.
5. Have your RFQ published on the eTendering website by an accredited eTender Publisher. The publisher then notifies the invited suppliers and provides them the credentials to access the RFQ documentation. Low value RFQs (under $30,000) can be emailed directly to suppliers.
7. Evaluate responses in line with the Evaluation Plan.
9. Notify successful supplier to be appointed subject to agreeing terms.
10. Finalise terms and execute agreement (see Stage 6).
11. Notify unsuccessful suppliers.
12. Raise a Purchase Order.

*RFQ and Evaluation Plan and Report templates are available for:

<table>
<thead>
<tr>
<th>Request Documents</th>
<th>Evaluation Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFQ small to medium projects (&lt;$150k)</td>
<td>Very simple guide &lt; $30k</td>
</tr>
<tr>
<td></td>
<td>Plan and Report $30k-$150k</td>
</tr>
<tr>
<td>Other* (tender / quote) high value</td>
<td>Detailed Plan</td>
</tr>
<tr>
<td></td>
<td>Detailed Report</td>
</tr>
</tbody>
</table>

*Refer to PSD for registration and guidance

N.B.: processes must be subject to strict probity to ensure no advantage or disadvantage to suppliers. Open responses in the presence of witnesses after closing time and after sighting the signed Evaluation Plan. Document details of the opening and evaluation process and have this witnessed.

What is a procurement approach or method?

A procurement approach or procurement method is the manner in which you choose to approach/engage the marketplace or supplier with your procurement project. It can also be referred to as “going to market” or as a “market approach” or could be a direct negotiation.

The standard or typical procurement approach you are required to undertake is generally determined by the value of the project; i.e. the higher the value, the more rigorous the procurement approach.

Note that some low value projects may require a more intensive procurement approach if they are inherently risky or politically sensitive. Use your judgement to flag these types of procurement projects with PSD before you go to market.

For advice on what procurement approach is required for your project, see the Procurement Method Easy Reference Guide.

If your approach is outside the standard, e.g. a direct negotiation, you need to provide assurance that the principles of the NSW Procurement Policy Framework are met when seeking approval under delegation.
Stage 6: Establish a contract and manage it

Establishing a contract

We must always specify the cluster’s terms and conditions to the supplier before or at the time of placing our order. For direct purchases, this is covered through the use of an official Purchase Order; for tenders and quotes, this is done through the documentation used when approaching the market.

Always use documentation as recommended with the RFX templates or as otherwise approved by your agency’s legal adviser and check any variation with them for compliance before it is agreed with the supplier. You should also consider finance, tax and insurance; if any additional clause or requirement refers to any of these areas you must refer it to the appropriate specialist areas.

For high value ($150,000 or above) or high risk contracts, work with PSD and to ensure the expectations are very clear in the documentation including delivery times and service expectations.

When you’ve received all required endorsements and the supplier’s acceptance of the contract document, print two originals for the supplier to sign both and return both copies to you. You should then arrange for your appropriate delegated authority to sign both originals to complete the contract execution. Once both fully signed originals have been returned to you, send one to the supplier. The cluster Contract Manager should keep the original contract in a secure location.

Contract management

Regardless of the value of your new arrangement, you must ensure the original objective is met and that value for money is achieved. Accepting lower than expected performance for any length of time will make remedial action more difficult in the future and the value of the engagement will be lost. Addressing issues early will help the supplier to adapt their performance and prevent the issue from becoming a legal matter. PSD can assist you with negotiations to resolve any issues commercially, if required.

PSD manages a contract benefits realisation register on behalf of the cluster. Contract Managers are responsible for monitoring and reporting benefits against all contracts valued from $150,000. Your DoE Procurement Practitioner or PSD will assist you to establish this once the contract is executed.

Changes to contract documentation

Any change to our contract templates must be referred to Legal before being agreed. You should also refer any changes that impact finance, tax or insurance to appropriate specialist area.

Contract disclosure

Every contract valued at $150,000 or more must be publicly disclosed within 45 working days of the contract becoming effective, as required by the Government Information (Public Access) Act 2009.

Issues with your supplier or contract?

If your efforts to resolve an issue with a supplier aren’t working, contact PSD for assistance before it impacts the cluster’s services.
## Glossary

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>DoE</td>
<td>Department of Education</td>
</tr>
<tr>
<td>DFSI</td>
<td>Department of Finance, Services and Innovation</td>
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<tr>
<td>PSD</td>
<td>DoE Procurement Solutions Directorate</td>
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<tr>
<td>EOI</td>
<td>Expression of Interest</td>
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<tr>
<td>PID</td>
<td>Project Initiation Document</td>
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<tr>
<td>RFI</td>
<td>Request for Information</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for Proposal</td>
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<tr>
<td>RFQ</td>
<td>Request for Quotation</td>
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<tr>
<td>RFT</td>
<td>Request for Tender</td>
</tr>
<tr>
<td>SC</td>
<td>Strategy Checklist</td>
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</tbody>
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### Common terms

**Best and Final Offer (BAFO):** A process to improve the quality of tenders that are potentially acceptable but have some deficiencies. Short listed tenderers are asked to revise their proposals in specific areas, which then become their best and final offer and the basis for further evaluation.

**Bid Shopping:** The prohibited and unethical practice of trading off one tenderer’s prices against another’s in order to obtain lower prices. It involves divulging a tenderer’s price or rates proposal or requiring a tenderer to divulge its price or rates to another tenderer before the award of a contract or subcontract in order to secure a lower price or rate.

**Conflict of interest:** A situation occurring when an individual’s private interests may benefit from his or her public actions. Conflicts of interest, either at a personal or agency level, can arise where there is a reasonable expectation of direct or indirect benefit or loss for an individual employee (or agent of the agency) with a particular personal interest that could be influenced, or appear to be influenced, in favour of that interest, in the performance of their duties. The benefit or loss may be financial or non-financial.

**DoE Contract:** A contract for goods or services established specifically for the cluster’s needs. A DoE contract may have been established under a State Contract or from an open market approach. A list of DoE contracts can be sought from detbuy@det.nsw.edu.au.

**DoE Procurement Practitioner:** A cluster officer who has achieved a certificate of procurement process competence through the PSD Capability Development Program. These officers also have specific Procurement Delegations of Authority conferred upon them. See the Department’s Procurement Delegations for further information. A full list of DoE Procurement Practitioners is available on the Procurement Essentials website.

**Emergency Exemptions:** In an emergency situation, a financial delegate may approve the procurement of goods and services outside of procurement policy to a value sufficient to meet that particular emergency. Such authorisations must be reported to the Chief Procurement Officer as soon as possible. The Act does not authorise the procurement of goods and services in excess of those necessary to meet the immediate needs of any emergency. See chapter 3.1 of the Procurement Manual for acceptable emergency purchases.

**eProcurement:** The use of electronic methods at any stage of the procurement process from identification of requirement through to completion of the contract, including the Department’s own eCatalogue. Electronic tendering is the undertaking of the tendering process stage by
electronic methods.

**eTendering:** A NSW Government internet based electronic tendering system (developed and managed by the Department of Finance, Services and Innovation on behalf of Government), that provides the facility to electronically invite or advertise RFTs, distribute RFT documents, securely receive, and open tenders, and provide various notices. This facility is available through [https://tenders.nsw.gov.au](https://tenders.nsw.gov.au).

**Expression of Interest (EOI):** This is the process of seeking the interest of service providers capable of undertaking specific agency works or services to provide information on that capability or a detailed proposal to undertake work. It is usually the first stage of a multi-stage tender process, and can be used to assess market capability and provide market input to the preparation of subsequent specifications in RFT documents. An EOI may be used to:
- cull a large number of respondents and to identify the best potential tenderers in a particular market;
- limit the number of potential tenderers to only serious contenders, or those that meet certain prerequisites; and
- address security/confidentiality issues by limiting related risks with respondents without providing sensitive information.

**Intellectual property:** Inventions, original designs, and practical applications of good ideas protected by law through copyright, patents, registered designs, circuit layout rights and trademarks. Also includes trade secrets, proprietary know-how and other confidential information protected against unlawful disclosure by law and through additional contractual obligations, such as confidentiality agreements, contracts and conditions of tendering.

**Local Schools, Local Decisions:** The NSW Government’s Local Schools Local Decisions reforms give schools the option to purchase outside of State/DoE contracts items up to the value of $5,000 (incl. GST) (except for excluded items).

**Non-metropolitan:** That part of the State that excludes the following local government areas: Ashfield, Auburn, Bankstown, Blacktown, Blue Mountains, Botany Bay, Burwood, Camden, Campbelltown, Canada Bay, Canterbury, Fairfield, Gosford, Hawkesbury, Holroyd, Hornsby, Hunters Hill, Hurstville, Kogarah, Ku-ring-gai, Lane Cove, Leichhardt, Liverpool, Manly Marrickville, Mosman, Newcastle, North Sydney, Parramatta, Penrith, Pittwater, Randwick, Rockdale, Ryde, Strathfield, Sutherland, Sydney, The Hills, Warringah, Waverley, Willoughby, Wollondilly, Wollongong, Woollahra and Wyong.

**Open market:** Where an opportunity is advertised openly.

**Prequalification Scheme:** A panel of suppliers that have been prequalified following a registration and assessment process. The process validates that the suppliers meet basic criteria and agree to comply with DoE or Government Business Ethics and policies. Suppliers engaged under a scheme are not contracted and will need to agree to the criteria and terms specific to each individual engagement.

**Probity:** Uprightness, honesty, proper and ethical conduct and propriety in dealings. There are a number of essential requirements to promote probity. Agencies should consider these essential requirements throughout all stages of the process. These requirements are:
- fairness and impartiality;
- use of a competitive process;
- consistency and fairness of process;
- tender security and confidentiality;
- identification and resolution of conflicts of interest.

**Procurement:** Procurement is a commercial approach to identifying and implementing business solutions. From the high level strategic thinking and business planning, through to the delivery, implementation and management of contracts that ensure the business objectives are realised.
Procurement approach
/Procurement method: Also “market approach” – the manner or method in which you choose to approach/engage with the market place in terms of a procurement strategy. Some market approaches have no commitment (eg for standing offers) or may be conducted to help identify costs. When determining value for approval under delegation, you must use the indicative cost of the product or service if it were to be obtained.

ProcurePoint: The NSW Government procurement website.

PSD Capability Development Program: A program of training courses and modules designed to raise procurement capability across DoE. Various certificates of achievement and competency will be attainable through the Program.

Purchasing: Refers to the process of ordering and receiving goods and services. It is a subset of the wider procurement process. Generally, purchasing refers to the process involved in ordering goods such as request, approval, creation of a Purchase Order and the receipting of goods.

Request for Information: A request for information is issued to suppliers to assist our general understanding of a supply market or specifically about a supplier’s capability. A request for information would be appropriate for similar reasons as a request for proposal above. Additionally, a market enquiry helps us capture information about risks and opportunities in the supply market, and may highlight opportunities for switching to a new supplier.

Request for Proposal: This is a form of an Expression of Interest (with more information sought) that is invited to obtain preliminary proposals which are used as a basis for later short-listing of tenderers. Criteria such as capacity, expertise and experience are used. Tenderers are initially invited on their proposals against the relevant evaluation criteria, and a number of those that best meet the criteria are then invited to provide detailed proposals. An RFP is normally used in seeking information, perhaps to pre-qualify or short list selected suppliers. The RFP should potentially gather enough data to assist in selecting which suppliers best meets the buyer’s needs. Normally, suppliers will not be invited to quote commercial terms. Potentially RFP is used for variety of reasons:
- To test competitiveness of possible new suppliers
- Obtain detailed information on costs and cost drivers
- Identify low cost alternatives
- Build a database of suppliers and their capabilities
- Tap into supplier’s knowledge and expertise

Request for Quotation: A Request for Quotation (referred to as RFQ) invites suppliers into a bidding process to bid on specific products and/or services. An RFQ typically involves more than the price per item. Information like payment terms, quality level per item or contract length are possible to be requested during the bidding process. To receive correct quotes, RFQ’s often include the specifications of the items/services to make sure all the suppliers are bidding on the same item/service. Logically, the more detailed the specifications, the better the quote will be accurate and comparable to other suppliers. The suppliers have to return the bidding by a set date and time to be considered for an award. Discussions may be held on the bids (often to clarify technical capabilities or to note errors in a proposal). The bid does not have to mean the end of the bidding. Multiple rounds can follow or even a Reverse auction can follow to generate the best market price.

Request for Tender (RFT): The issuing of an invitation, advertisement or directly, to respond to tender requirements by lodging a tender. It covers all forms of tendering, including an invitation or request for quotations (RFQ), or proposals (RFP), Offers, EOI, pre-registration for RFQ or RFP. Other terms commonly used include “call tenders”, “invite tenders”, “call for detailed proposals”. Seeking open tenders is an important way of obtaining best value for money, particularly in the absence of accurate market price knowledge or clearly identified tenderers. It gives all potential tenderers the chance to compete for government business. Open tendering is used when other methods are not favourable or available, and are used for:
the supply of goods or services
property purchase or disposal
engineering and building projects where no suitable tenderers are pre-qualified or pre-registered.

Key factors in deciding whether to use open tendering are:

- whether the extra cost of the process is justified given the expected price and other benefits to be gained.
- whether the most capable contractors can be identified more readily by other means.
- whether the time needed is available to complete the procurement and tender process; and
- whether other more appropriate alternative processes are available.

Request for Tender (RFT) documents:
The set of documents prepared by the party seeking tenders and provided to tenderers, detailing the tender process, the requirements involved, and including the conditions of tendering, proposed contract conditions, and technical specification.

Small or Medium Enterprise (SME):
The NSW Government Procurement: Small and Medium Enterprises Policy Framework defines SMEs as small and medium enterprises from NSW, other states and territories of Australia and New Zealand, with up to 200 full-time equivalent employees.

State Government Contract:
A contract established by a State Government Department or Agency other than DoE, either for whole of Government use or that includes a piggy-back clause allowing other Departments or Agencies to access it without separately engaging the market. Whole of Government contracts only require a purchase order or service level agreement under the Head Agreement. Engagements under piggy-back clauses will require the supplier to agree criteria and terms specific to the engagement.

Technical specification:
A detailed description in the RFT documents setting forth the functional, performance, material and other specific technical requirements for a proposed building contract, engineering work, IT system, or good or service, or other work or product.

Tender:
Includes a price, bid, offer, quotation, consultant proposal or expression of interest lodged in response to an invitation or Request For Tender.

Tender box:
Location, physical or virtual, that receives tenders lodged by service providers, and maintains them secure and confidential until close of tenders, and commencement of the tender opening process.

Tenderer:
An entity that submits a tender.

Value for money:
A measure of the benefits of a good or service, compared to its whole-of-life costs. Relative value for money may be determined between tenders by considering their benefits taking into account all factors relevant to the contract outcome such as:

- price with whole-of-life costs;
- experience;
- quality;
- reliability;
- timeliness;
- delivery;
- innovation;
- product servicing;
- fitness for purpose;
- value-adding components such as meeting the government’s economic, social and environmental objectives where relevant.

Refer to the NSW Procurement Value for Money Statement for more information.