

Public Reserves Management Fund Program – Procurement Guidelines

Overview

This document provides guidance on acceptable procurement practices for projects that are funded through the Public Reserves Management Fund Program (PRMFP).

Note: PRMFP funding recipients from state and local government agencies must apply the procurement practices detailed within their respective agency policies.

General Principles

PRMFP funds are public money. When spending public money it is important that the procurement processes are even handed, transparent, accountable and documented. **Annex A – Code of Conduct** details the principles and behaviors that must be followed.

The aim of your procurement process is to engage the supplier that offers the best value for money. This is not necessarily the same as selecting the cheapest supplier. When making the decision you should take into account such things as: the price; the degree to which the goods or services being provided match your needs; whether the supplier has the skills to do the work; their availability to do the work when needed; and any trade references they provide or their experience in completing similar work.

Important: You will need to sufficiently document your procurement process so that you can demonstrate why you selected a particular supplier. You will need to use this information in your final project report, and if your project is selected for audit.

Procurement Methodology

The procurement methods which you will be required to use will depend on the value of each PRMFP activity element within your approved project (as detailed in your original application, subject to any adjustments or direction in the letter of offer from the Minister):

- \$30,000 or less
- Greater than \$30,000, but less than or equal to \$150,000
- Over \$150,000

\$30,000 or less: at least one quote

You would have obtained at least one written quote for each PRMFP funded activity element as part of your application for funding. While it is usual to engage the supplier who provided the quote for your application, you may get an additional quote if you subsequently believe that another supplier could offer better value for money. Note that this may delay the commencement of your project and that you will not get additional PRMFP funding if you choose a higher value quote.

Greater than \$30,000, but less than or equal to \$150,000: at least 3 quotes

You would have obtained at least three written quotes for each of these high value project activity elements unless granted a waiver by DPI Lands. As above, you do not necessarily need to engage the supplier who provided the quote/s used in your application.

Over \$150,000: public tender process

For each activity element over \$150,000 you are required to put the work out to public tender. Agreeing to do so was a condition of applying for funding. This section outlines the minimum requirements of a PRMFP public tender process:

- **Step 1:** Form a Tender Evaluation Committee (TEC). The TEC, comprising at least 2 people (preferably 3), is responsible for managing the tender process, assessing the received quotes, and selecting the successful supplier. Each TEC member must sign the 'Declaration of Interest' form at **Annex A**.
- **Step 2:** Publish an advertisement notifying the public that you're seeking quotes for the work. The publication should be sufficiently broad to reach a reasonable number of potential suppliers e.g. in a local newspaper. You may also wish to place a notification on your website if you have one. See **Annex B** for suggested advertisement wording.
- **Step 3:** Allow an adequate amount of time for potential suppliers to respond – at least 2 weeks from the date of publication. Quotes should be sent to a designated person (e.g. trust secretary). This person should not review any of the quotes until they are assessed by all TEC members (see below).
 - Each potential supplier must be given the same information about the project.
 - You should not accept late quotes. In exceptional circumstances the TEC may grant a short extension as long as the reasons are documented and permission is given in writing *prior* to the original deadline
- **Step 4:** *This step only applies if insufficient responses are received to your advertisement.* If you receive less than 3 quotes in response to your advertisement the TEC should authorise a designated person to contact a number of potential suppliers directly for quotes (with a new shared deadline).
 - The process must be managed equitably as per the sub points at Step 3.
- **Step 5:** Assess all the received quotes (there must be at least 3). The TEC should meet on an agreed date, review their respective 'Declaration of Interest' forms and then determine their criteria for what will constitute 'best value for money' (see above). Members may then review the quotes and select the one that represents the best value for money.
 - Typically, each quote will be given a score (e.g. out of 10) for each criteria, with the highest overall score normally being the one chosen
 - The criteria, scores and other factors relevant to the TEC's assessments must be documented and signed off on by all members
- **Step 6:** A person designated by the TEC should notify the successful and unsuccessful suppliers in writing of the outcome.

Important: The decision about which supplier to use on your project should be made by more than one person. All decision makers must apply the guidance at **Annex A**, including signing the 'Declaration of Interest' form, and document their processes and the reasons for selecting their preferred supplier.

Documentation

Examples of the records you must retain, and be able to present for audit, include:

- Communications with potential suppliers e.g. emails, records of phone conversations
- Quotes (and any advice from suppliers that they would not be quoting)
- Signed 'Declaration of Interest' forms
- Copies of advertisements and/or web page notices (including when published)
- Justification for directly approaching a supplier for an additional quote
- The methodology and criteria used and how it led to choosing the preferred supplier
- Communications with the successful and unsuccessful suppliers

Remember, you will also need to provide copies of receipts/invoices and before and after photos of the work for your final project report.

Assistance

Please contact the PRMFP Team on 1300 886 235 (Option 7) or cl.prmfp@crowland.nsw.gov.au if you would like to discuss any aspect of the process.

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (February 2017). However, because of advances in knowledge, users are reminded of the need to ensure that the information upon which they rely is up to date and to check the currency of the information with the appropriate officer of the Department of Industry or the user's independent advisor.

PRMFP PROCUREMENT CODE OF CONDUCT

1. Introduction

Procurement and contracting are areas where, even with the best of intentions, significant ethical problems can arise unless those involved are aware of the potential pitfalls and take conscious action to avoid them. By providing guidance in these areas this Code is intended to help recipients of PRMFP funds engage in appropriate practices when spending those funds.

Recipients who are unclear about any aspects of this Code are urged to discuss it with the PRMFP Team on 1300 886 235 (Option 7) or cl.prmfp@crowland.nsw.gov.au.

2. Accountability/transparency/impartiality

Funding recipients should seek to ensure that their procurement is at all-times fair, ethical, transparent and even handed. The decision about which supplier to use is to be based on information that:

- is correct and complete
- excludes irrelevant information or unsubstantiated opinions
- is fully and properly documented, and
- minimises the risk of personal bias.

3. Confidentiality

Quote details, and any other material provided to funding recipients is to be treated "Commercial-in-Confidence", and must be kept secure, and not disclosed to any other supplier or third party. The requirement for confidentiality does not cease with the award of the contract concerned.

4. Conflict of Interest

Funding recipients must not use information obtained in the course of their decision making duties to gain a direct or indirect advantage for themselves. Individuals who are responsible for deciding which supplier to use must disclose to the Reserve Manager leadership (e.g. all members of the Trust executive) if they become aware of any interest that they, or any member of their family, or any close friends and relationships, hold or are offered, which might possibly be thought to conflict with their duty to make a fair and even handed decision. For example: the individual or one of their relatives or close friends works for or has shares in a potential supplier.

In most cases, early and open disclosure of such an interest may allow the Reserve Manager to prevent a conflict of interest occurring. If the conflict is not serious, no action beyond disclosure may be required. If the conflict is serious, it may be necessary for the individual to be excluded from the decision making process.

All individuals involved in the decision making process must complete the attached 'Declaration of Interest' form to divulge any actual or perceived conflicts of interest or to declare no conflict of interest exists. This form must be updated and communicated to the Reserve Manager leadership if the circumstances change during the course of the procurement.

5. Gifts, gratuities, hospitality

These include such things as monies, credits, discounts, presents, food and drink, clothing, tickets to events, travel or hotel expenses and any other form of entertainment. Individuals must not accept any gifts, gratuities or hospitality from a potential supplier during or within a reasonable time following the procurement process.

Declaration of Interest

I acknowledge that as an authorised decision maker for a PRMFP procurement I am required to declare information or circumstances which are or may be perceived as a conflict of interest in relation to the following procurement process:

(Insert description of procurement)

Note: Potential conflicts of interest are anything that could inappropriately influence someone's participation in the decision making process. Examples include: personal or financial involvement with a potential supplier or the actual (during the last 3 years) or implied provision of gifts, gratuities or other hospitality.

I hereby declare the following:

OR

I declare that; to the best of my knowledge, my current private and financial interests do not conflict with my duties as a decision maker in relation to the above procurement; and my independence and objectivity in dealing with the decision making process has not been or is not likely to be compromised.

Name:

Position:

Organisation:

Date:

Signature:

PRMFP Advertisement Examples

Key content to include in advertisement:

- Name of the organisation seeking the quotes (e.g. the Trust name)
- Brief job description – if necessary, you can provide additional detail about the required work in a separate document which interested suppliers can obtain from you on request
- Contact person and details (this person should handle all communication with potential suppliers)
- Closing date for quotes, and details on how the quotes are to be provided

Following is some suggested wording and some examples which you can tailor to suit your particular needs.

Suggested Wording

Request for Quotes – [Job description]

[Trust Name] is seeking quotes from suitably experienced and qualified *[type of suppliers]* to *[job description]*. This may include *[job specifics]*.

For further information call *[name]* on *[number]*.

Please submit quotes by email to *[insert]*. Quotes must be received by 4pm on *[date]*.

Optional sentence if additional documentation to be made available (this may be included after or instead of the information about the job specifics): To obtain RFQ [Request for Quotation] documentation contact *[name/number/email]*.

Example 1

Request for Quotes – tennis court resurfacing

Central Parks Reserve Trust is seeking quotes from suitably experienced and qualified contractors to resurface 4 tennis courts with asphalt at the Central Park Reserve.

Further information can be obtained by calling John Smith on 6655 4433.

Please submit quotes by email to central@emailaddress.com.au. Quotes must be received by 4pm on 8 Sept 2017.

Example 2

Request for Quotes – demolition

Central Showground is seeking quotes from suitably experienced and qualified contractors to demolish the amenities block. Demolition includes removal of asbestos sheeting and preparation of site for new prefabricated amenities.

To obtain RFQ documentation, or for further information, contact John Smith at central@email.com.au. Quotes must be sent by email to this address, and must be received by 4pm on 8 Sept 2017.